

PROFESSIONAL MARKET STUDY
FOR THE TARA ARMS APARTMENTS
A PROPOSED LIHTC FAMILY REHAB DEVELOPMENT

LOCATED IN:
BRUNSWICK, GLYNN COUNTY, GA

PREPARED FOR:
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SECTION A

EXECUTIVE SUMMARY

1. **Project Description:**

. Brief description of project location including address and/or position relative to the closest cross-street.

- . The proposed LIHTC rehab apartment development is located at 2525 Tara Lane, approximately 3 miles north of Downtown Brunswick.

. Construction and occupancy types.

- . The proposed rehab development project design comprises a three-story, mid-rise, with elevator residential building. The development design provides for 76-parking spaces. The building includes space for a community room, central laundry, and managers office.

The proposed *Occupancy Type* is for the **General Population** and is not age restricted.

. Unit mix including bedrooms, bathrooms, square footage, income targeting rents, utility allowance.

Project Mix

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
1BR/1b	70	Na	645
2BR/1b	12	Na	800
Total	82*		

*1-unit will be set aside for management

Project Rents:

The proposed development will target 20% of the units at 50% or below of area median income (AMI), and 80% at 60% AMI. Rent includes water, sewer, and trash removal.

PROPOSED PROJECT RENTS @ 50% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	14	\$494	\$71	\$565
2BR/1b	3	\$580	\$97	\$677

PROPOSED PROJECT RENTS @ 60% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Estimate*	Gross Rent
1BR/1b	56	\$568	\$71	\$639
2BR/1b	8	\$612	\$97	\$709

*Based upon Brunswick Housing Authority Utility Allowances.

. Any additional subsidies available including project based rental assistance (PBRA).

- The proposed LIHTC development will not include any additional deep subsidy rental assistance, including PBRA. The proposed LIHTC development will accept deep subsidy Section 8 vouchers.

. Brief description of proposed amenities and how they compare to existing properties.

- Overall, the subject will be competitive with all of the existing program assisted and market rate apartment properties in the market regarding the development amenity package and less competitive regarding the unit amenity package.

2. Site Description/Evaluation:

. A brief description of physical features of the site and adjacent parcels. In addition, a brief overview of the neighborhood land composition (residential, commercial, industrial, agricultural).

- The approximately 3-acre, square shaped tract is relatively flat, upon which the subject of this market study is located, Tara Arms.
- The overall character of the neighborhood in the immediate vicinity of the site can be defined as a mixture of land use including: commercial, institutional, with nearby single-family residential use.
- Directly north of the tract is commercial development. Within walking distance is Glynn Plaza, which is 50% vacant and 50% occupied. Also, within walking distance is a Walgreens Pharmacy. Directly south of the tract is

the GA Department of Labor, and several commercial properties. Directly west of the tract is the Magnolia Park single-family residential neighborhood. Directly east of the tract is the Cypress Mill Square Shopping Center, which has a Winn Dixie grocery store.

• ***A discussion of site access and visibility.***

- Access to the site is available from Tara Lane, via an entrance drive into Tara Arms. Tara Lane is a residential connector that links the site to Altama Avenue which is a major north-south connector in Brunswick. Tara Lane is a low density traveled road, with a speed limit of 25 miles per hour in the immediate vicinity of the site/subject. Also, the location of the site/subject off Tara Lane does not present problems of egress and ingress to the site.
- The site in relation to the subject and the surrounding roads is agreeable to signage, and offers good visibility via nearby traffic along Tara Lane and to some limited extent from passing traffic along Altama Avenue.

• ***Any significant positive or negative aspects of the subject site.***

- Overall, the field research revealed the following strengths and weaknesses of the subject in relation to subject marketability.

SITE/SUBJECT ATTRIBUTES:	
STRENGTHS	WEAKNESSES
Good accessibility to services, trade, major employment nodes and area schools	
Good linkages to area road system	
Nearby road speed and noise are acceptable	
Surrounding land uses are acceptable	

• ***A brief summary of the site's proximity to neighborhood services including shopping, medical care, employment concentrations, public transportation, etc...***

- Ready access is available from the site to the following: major retail trade and service areas, employment opportunities, schools, and area churches. All major facilities within Brunswick can be accessed within a 5-minute drive. At the time of the market study, no significant infrastructure development was in progress within the vicinity of the site.

• ***An overall conclusion of the site's appropriateness for***

the proposed development.

- The site location is considered to be very marketable. In the opinion of the analyst, the proposed site location offers attributes that will greatly enhance the rent-up process of the proposed development.

3. Market Area Definition:

- ***A brief definition of the primary market area including boundaries of the market area and their approximate distance from the subject property.***
- The Primary Market Area (PMA) for the proposed multi-family development consists of the Brunswick Census Division. Specifically, the Brunswick Census Division encompasses the following census tracts: 5.01, 5.02, 6, 7, 8, and 9.
- The PMA is centrally located within Glynn County. Brunswick, the county seat, is located in the southern portion of the PMA. Glynn County is located in the southeast coastal portion of the State. The county has two distinct geographies. They are: (1) the Mainland area which is anchored by the City of Brunswick and the I-95 corridor, and (2) the Golden Isles area which includes St. Simons Island, Sea Island, Little St. Simons Island and Jekyll Island.
- The Brunswick PMA excluded the St Simons / Sea Island portion of Glynn County.

The PMA is bounded as follows:

Direction	Boundary	Distance from Subject
North	northern portion of Glynn County	2 miles
East	eastern portion of Glynn County	2 miles
South	southern portion of Glynn County	6 miles
West	western portion of Glynn County	4 miles

4. Community Demographic Data:

- ***Current and projected household and population counts for the primary market area. For senior reports, data should be presented for both overall and senior households and populations/households.***
- Total population and household gains over the next several years, (2012-2014) are forecasted for the PMA at an increased rate of growth, represented by a rate of change approximating .65% per year. In the PMA, in 2010, the total population count was 33,555 versus

34,295 in 2014.

- In the PMA, in 2010, the total household count was 13,048 versus 13,266 in 2014. This represents an increase of almost .50% per year.

• ***Households by tenure including any trends in rental rates.***

- The 2010 to 2014 tenure trend forecasted an increase in renter-occupied tenure in the PMA. The forecasted rate of growth for renter-occupied is approximately 1.2% per year.

• ***Households by income level.***

- It is projected that in 2014, approximately **12.5%** of the renter-occupied households in the PMA were in the subject's 50% AMI LIHTC target income group of \$19,370 to \$27,100.
- It is projected that in 2014, approximately **17%** of the renter-occupied households in the PMA were in the subject's 60% AMI LIHTC target income group of \$21,910 to \$32,500.
- In order to adjust for income overlap between the targeted income segments, the following adjustment was made. The 60% income segment estimate was reduced in order to account for overlap with the 50% AMI income target group.
- It is estimated that approximately **9.5%** of the overall income qualified range will target households at the 50% AMI segment, and **11.5%** will target households at the 60% AMI segment.

• ***Impact of foreclosed, abandoned and vacant, single and multi-family homes, and commercial properties in the PMA of the proposed development should be discussed.***

- The foreclosure problem is still very much evident Nationwide, Statewide, and to a lesser degree in Brunswick, GA. ForeclosureListings.com is a nationwide data base with around 2 million listings (29% foreclosures, 21% short sales, 26% auctions, and 24% brokers listings). As of 5/16/12, there were 127 listings, of which many are re-sales in Brunswick, GA. Around 40 of the listings were for properties with values of \$150,000 or more.
- In the Brunswick PMA and Glynn County as a whole, the relationship between the local area foreclosure market and existing LIHTC supply is not crystal clear. However, at the time of the survey, two of the three LIHTC family properties located in Brunswick were 95%+ occupied.

- Note: Recent anecdotal news information points to the fact that in Georgia the majority of the foreclosure problem is concentrated in the Atlanta Metro Region more so than in rural markets within the State. Still, there are other metro housing markets in the State, as well as some rural housing markets that are severely impacted by a significant amount of foreclosures. Based on available data at the time of the survey, Brunswick does not appear to be one of the semi-urban housing markets that have been placed in jeopardy due to the current foreclosure phenomenon. However, the foreclosure dilemma in St Simmon Island is different, as those properties are priced much high than the typical foreclosure in Brunswick, and will take longer to sort-out.

5. Economic Data:

- ***Trends in employment for the county and/or region. Employment should be based on the number of jobs in the county (i.e., covered employment).***
 - As represented in Figure 1 (and Table 8), between 2005 and 2007, the average increase in employment was approximately 575 workers or approximately +1.50% per year. The rate of employment loss between 2009 and 2010, was very significant at over -9.0%, representing a net loss of almost -3,325 workers. The rate of employment loss between 2010 and 2011, moderated (yet still significant) to -1.7%, representing a net loss of almost -570 workers. The rate of employment change thus far into 2012, is forecasted to increase on a year to year basis, albeit at a very modest rate of growth. Currently, local market employment conditions still remain in a fragile state, exhibiting recent signs of stabilization, on a sector by sector basis, but still very much subject the a downturn in local, state, and national economic conditions, such as a double dip recession.
- ***Employment by sector for the county and/or region.***
 - The top four employment sectors in Glynn County are: manufacturing, trade, government and service. The forecast for 2012, is for the manufacturing sector to stabilize and the service sector to stabilize.
- ***Unemployment trends for the county and/or region for the past 5 years.***
 - Monthly unemployment rates in 2010 and 2011 were among the highest exhibited in over 10-years in Glynn County. Monthly unemployment rates have remained very high in 2012, ranging between 9.7% and 10.5%, with an overall estimate of 10.2%. These rates of unemployment for the local economy are reflective of Glynn County participating in the recent State, National, and Global recession and continuing period of slow to very slow

recovery growth.

- ***A brief discussion of any recent or planned major employment contractions or expansions.***

- The Brunswick and Glynn County economy is well diversified. Tourism is the largest sector of the local economy contributing approximately \$1 billion per year to the total economic base. Local government is a major employer, as is the federal government with the location of the 1,600-acre Federal Law Enforcement Training Center in Brunswick. The Training Center has led to a number of lodging facilities opening in Brunswick in order to specifically serve the law enforcement officers/students attending the center on a very transient base. It is estimated that the center trains more than 65,000 students per year. In addition, it is estimated that the FLET Center contributes over \$315 million to the annual local economic base.
- Brunswick is the home of one of the two seaports in the State. Brunswick is the home of one of the two seaports in the State. The Marine Port Terminal, Colonel's Island, the Mayor's Point Terminal, and the Foreign Trade Zone are major destination points of ocean going vessels (in particular vessels carrying automobiles and grain). In 2003, the new Sidney Lanier Bridge (the largest bridge in the State) was completed and opened. Upon completion, the Brunswick River channel was widened to 500 feet and the depth of the river channel was increased to 36 feet, allowing for larger ocean going transport to enter the harbor/port. The new bridge is on target to double the capacity of the Port of Brunswick by 2013, bringing in an average of \$464 million in new state revenues per year.
- At one time, the City's economic base was very dependent upon the local paper mill, the local fishing industry and seafood processing businesses. While all are still major contributors to the economic base, the overall characteristic of the local economy has changed from primarily blue collar related work to service, trade and White collar professional employment. Over the last 20 years the local economy has exhibited significant growth in the number of new retail trade establishments, small businesses, government-related growth and tourist related growth, while at the same time still maintaining a strong manufacturing sector.

- ***An overall conclusion regarding the stability of the county's overall economic environment. This conclusion should include an opinion if the current economic environment will negatively impact the demand for additional or renovated rental housing.***

- The 2012-2013 economic forecast for Glynn County is for a stabilized economy as a best case scenario, with the distinct possibility of a reversal of employment losses

exhibited in 2011. This in turn will extend the very long and uphill battle for the local economy to turn positive in 2012-2013. Based on recent positive economic news a reversal to the upside is possible.

- The Brunswick - Glynn County area economy has a large number of low to moderate wage workers employed in the service, trade, and manufacturing sectors. Given the good location of the site/subject, with good proximity to several employment nodes, the proposed subject development will very likely attract potential renters from those sectors of the workforce who are in need of affordable housing and a reasonable commute to work. In addition, the subject has a history of providing affordable housing to the local population, which is continuing to increase in size, relative to the size of the total population.

6. Project-Specific Affordability and Demand Analysis:

- ***Number of renter households income qualified for the proposed development given the proposed unit mix, income targeting, and rents. For senior projects, this should be age and income qualified renter households.***
- The forecasted number of income qualified renter households for the proposed LIHTC family development is 1,265.
- ***Overall estimate of demand based on DCA's demand methodology.***
- The overall forecasted number of income qualified renter households for the proposed LIHTC family development taking into consideration like-kind competitive supply introduced into the market since 2010 is 1,265.
- Capture Rates including: Overall, LIHTC, by AMI.

Proposed Project Capture Rate All Units	7.5%
Proposed Project Capture Rate LIHTC Units	7.5%
Proposed Project Capture Rate LIHTC Units @ 50% AMI	3.4%
Proposed Project Capture Rate LIHTC Units @ 60% AMI	11.2%
Proposed Project Capture Rate Market Rate Units	Na

- ***A conclusion regarding the achievability of the above Capture Rates.***
- The above capture rates are well below the GA-DCA thresholds. They are considered to be a reliable quantitative indicator of market support for the proposed subject development.

7. **Competitive Rental Analysis:**

• **An analysis of the competitive properties in the PMA.**

- At the time of the survey, the overall estimated vacancy rate of the surveyed market rate apartment properties was approximately 4% (4.2%). About 40% of the vacant units were at one property, Glynn Place. At present, approximately 50% of the market rate properties are offering some type of rent concession in order to maintain an occupancy rate greater than 90% to 95%.
- At the time of the survey, the overall estimated vacancy rate of the surveyed program assisted LIHTC-family apartment properties was approximately 5.5% (5.6%). Almost 90% of the vacant units were at one property, Eagles Pointe. This property is typically 93% to 95% occupied. At the time of the survey, it was approximately 91% occupied.

• **Number of properties.**

- Three program assisted family properties, representing 305 units, were surveyed within the Brunswick competitive environment, of which two properties are new construction LIHTC-family, and one is a LIHTC rehab property.
- Eleven non-subsidized, that is, conventional properties were surveyed in partial to complete detail, representing 1,168 units.

• **Rent bands for each bedroom type proposed.**

Bedroom type	Rent Band (Subject)	Rent Band (Market Rate)
1BR/1b	\$494-\$568	\$509 - \$735
2BR/1b	\$580-\$612	\$538 - \$786
2BR/2b	Na	Na
3BR/2b	Na	Na

• **Average Market rents.**

Bedroom type	Average Market Rent
1BR/1b	\$615
2BR/1b	\$660
2BR/2b	Na
3BR/2b	Na

8. Absorption/Stabilization Estimate:

- **An estimate of the number of units to be leased at the subject property, on average, with the assumption that the subject rehab development is 100% vacant at the time the rehab process is completed.**
- The forecasted rent-up scenario suggests an average of 10-units being leased per month.
- **Number of units expected to be leased by AMI Targeting.**

AMI Target Group	Number of units Expected to be Leased*
50% AMI	17
60% AMI	64

* at the end of the 1 to 8-month absorption period

- **Number of months required for the project to reach stabilization of 93% occupancy.**
- A 93% occupancy rate is forecasted to occur within 8-months of the placed in service date. Stabilized occupancy, subsequent to initial lease-up is expected to be 93% or higher up to but not later than a three month period, beyond the absorption period.
- **The absorption rate should coincide with other key conclusions. For example, insufficient demand or unachievable rents should be reflected in the absorption rate.**
- A reconciliation of the proposed LIHTC net rents by bedroom type with current average market rate net rents by bedroom type are supportive of the forecasted absorption and stabilization periods.

9. Overall Conclusion:

- ***A narrative detailing the key conclusions of the report including the analyst's opinion regarding the potential for success of the proposed development.***
- Based upon the analysis and the conclusions of each of the report sections, it is recommended that the proposed application **proceed forward based on market findings, as presently configured.**
- Total population and household growth is moderate to significant, with annual growth rates approximating .65% per year.
- At present, the majority existing supply of LIHTC family developments within the competitive environment are operating with occupancy rates greater than 95%. There is one LIHTC family property that is operating with an occupancy rate of 91% (at the time of the survey). This property, Eagles Pointe, is typically 93% to 95% occupied.
- In the area of unit size, by bedroom type, the subject will not offer a competitive unit size, based on the proposed floor plans. The unit size is fixed in place, however, given the age of the property, the unit sizes are currently undersized when compared to the market as a whole. The subject does offer a considerable amount of space in community areas for the tenant population.
- Overall, the subject is competitive with all of the existing program assisted apartment family properties in the market regarding the development amenity package, and less competitive regarding the unit amenity package. The subject will be competitive with the majority of the traditional market rate apartment properties in the market regarding the proposed net rents by bedroom type, in particular the proposed 1BR net rents.
- The proposed subject 1BR net rent at 50% AMI is approximately 20% less and at 60% AMI is approximately 8% less than the competitive 1BR market rate median net rent.
- The proposed subject 2BR/1b net rent at 50% AMI is approximately 12% less and at 60% AMI is approximately 7% less than the comparable/competitive 2BR/1b market rate median net rent.
- As a rehab development, the subject bedroom mix is proposed to be "fixed in place". Over the years the subject has demonstrated market support for its current bedroom mix, unit sizes, and unit and development amenity package, as well as net rent positioning.

Summary Table				
Development Name: Tara Arms			Total Number of Units: 82	
Location: Brunswick, GA (Glynn Co)			# LIHTC Units: 81 (2 non rev)	
PMA Boundary: North 2 miles; East 2 miles South 6 miles; West 4 miles			Farthest Boundary Distance to Subject: 6 miles	
Rental Housing Stock (found on pages 66 - 91)				
Type	# Properties	Total Units	Vacant Units	Avg Occupancy
All Rental Housing	14	1,473	67	95.4%
Market Rate Housing	11	1,168	50	95.7%
Assisted/Subsidized Housing Ex LIHTC	0	0	0	Na
LIHTC (family)	3	305	17	94.4%
Stabilized Comps	5	623	21	96.6%
Properties in Lease Up	Na	Na	Na	Na

Subject Development					Average Market Rent			Highest Unadjusted Comp Rent	
Number Units	Number Bedrooms	# Baths	Size (SF)	Proposed Rent	Per Unit	Per SF	Adv (%)	Per Unit	Per SF
70	1	1	657	\$494-\$568	\$615	\$.75	20%&8%	\$710	\$.72
11	2	1	817	\$580-\$612	\$660	\$.63	12%&7%	\$800	\$.69

Demographic Data (found on pages 36 & 62)						
	2010		2012		2014	
Renter Households	7,270	55.72%	7,450	56.75%	7,641	57.60%
Income-Qualified Renter HHs (LIHTC)	1,163	16.00%	1,211	16.25%	1,265	16.56%
Income-Qualified Renter HHs (MR) (if applicable)	Na	%	Na	%	Na	%

Targeted Income Qualified Renter Household Demand (found on pages 56 - 61)						
Type of Demand	30%	50%	60%	MR	Other	Overall
Renter Household Growth		35	43			78
Existing Households		482	540			1,022
Homeowner Conversion (Seniors)		Na	Na			Na
Secondary Market Demand 15%		78	87			165
Less Comparable Supply		0	0			0
Net Income-Qualified Renter HHs		595	670			1,265
Capture Rates (found on page 61)						
Targeted Population	30%	50%	60%	MR	Other	Overall
Capture Rate		3.4%	11.2%			7.5%

MARKET STUDY FOLLOWS

SECTION B

PROPOSED PROJECT DESCRIPTION

The proposed Low Income Housing Tax Credit (LIHTC) multi-family rehab development will target the general population in Brunswick and Glynn County, Georgia. The subject property is located at 2525 Tara Lane, approximately 3 miles north of Downtown Brunswick.

The market study assignment was to ascertain market demand for a proposed LIHTC rehab multi-family development, known as the **Tara Arms Apartments**, for the Brunswick Tara, L.P., under the following scenario:

Project Description

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
1BR/1b	70	Na	657
2BR/1b	12	Na	817
Total	82*		

*1 2BR-unit will be set aside for management

The proposed rehab development project design comprises a three-story, mid-rise, with elevator residential building. The development design provides for 76-parking spaces. The building includes space for a community room, central laundry, and managers office.

The proposed *Occupancy Type* is for the **General Population** and is not age restricted.

Project Rents:

The proposed development will target approximately 20% of the units at 50% or below of area median income (AMI), and approximately 80% of the units at 60% AMI. Rent includes water, sewer and includes trash removal.

PROPOSED PROJECT RENTS @ 50% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	14	\$494	\$71	\$565
2BR/1b	3	\$580	\$97	\$677

*Based upon Brunswick Housing Authority Utility Allowances.

PROPOSED PROJECT RENTS @ 60% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	56	\$568	\$71	\$639
2BR/1b	8	\$612	\$97	\$709

*Based upon Brunswick Housing Authority Utility Allowances.

Amenity Package

The proposed development will include the following amenity package:

Unit Amenities

- range
- central air
- smoke alarms
- carpet
- refrigerator
- cable ready
- fire sprinkler system
- window coverings

Development Amenities

- managers office
- laundry facility
- computer center
- fitness center
- fenced garden
- community room
- picnic area w/bbq
- gazebo
- sitting areas

The estimated projected first full year that the **Tara Arms Apartments** will be placed in service as a completed rehab property, is mid to late 2014. The first full year of occupancy (allowing for an appropriate period for the relocation process to complete) is forecasted to be in 2014. Note: The 2012 GA QAP states that "owners of projects receiving credits in the 2012 round must place all buildings in the project in service by December 31, 2014.

The architectural firm for the proposed development is Wallace Architects, LLC. At the time of the market study, the floor plans and elevations had been completed. The plans submitted to the market analyst were reviewed.

Utility estimated are based upon Utility Allowances for Tenant-Furnished Utilities and Other Services, provided by the Brunswick Housing Authority. Effective date: March 1, 2012.

SECTION C

SITE & NEIGHBORHOOD EVALUATION

The site of the proposed LIHTC-family rehab apartment development is located at 2525 Tara Lane, approximately 3 miles north of Downtown Brunswick. Specifically, the site is located in Census Tract 7, Census Block Group 1, and Census Block 1044.

Note: The site/subject is not located within a Qualified Census Tract (QCT).

Street and highway accessibility are very good relative to the site/subject. Ready access is available from the site to the following: major retail trade and service areas, employment opportunities, local health care providers, schools, and area churches. All major facilities in Brunswick can be accessed within a 10-minute drive. At the time of the market study, no significant infrastructure development was in progress within the vicinity of the site/subject.

Site/Subject Characteristics

The approximately 3-acre, square shaped tract is relatively flat, upon which the subject of this market study is located, Tara Arms. The site is not located within a 100-year flood plain. Source: FEMA website (www.msc.fema.gov), Map Number 13127C0228F Panel 228 of 345, Effective Date: September 6, 2006. All public utility services are available to the tract and excess capacity exists. However, these assessments are subject to both environmental and engineering studies.

Tara Arms is an 82-unit, three story mid-rise (with elevator) LIHTC development built in 1996, currently targeting the general population. At the time of the market study, Tara Arms was 100% occupied and had 12-applicants on the waiting list.

The site is zoned PDH, Planned Development Housing, which allows multi-family development. The surrounding land uses and zoning designations around the site are detailed below:

Direction	Existing Land Use	Zoning
North	Commercial	HC
East	Commercial	HC
South	Commercial & Institutional	HC
West	Single-family residential	R9

HC - Highway Commercial

R9 - One-Family Residential

Source: Glynn County, GIS, Assessors Office

Neighborhood Description / Characteristics

The overall character of the neighborhood in the immediate vicinity of the site can be defined as a mixture of land use including: commercial, institutional, and nearby single-family residential use.

Directly north of the tract is commercial development. Within walking distance is Glynn Plaza, which is 50% vacant and 50% occupied. Also, within walking distance is a Walgreens Pharmacy.

Directly south of the tract is the GA Department of Labor, and several commercial properties, including a vacant fast food establishment, a fast food place that was recently rehabed, and a credit union.

Directly west of the tract is the Magnolia Park single-family residential neighborhood. The homes are small, aged and most are occupied and in good condition.

Directly east of the tract is the Cypress Mill Square Shopping Center, which has a Winn Dixie grocery store.

The pictures on the following pages are of the site and surrounding land uses within the immediate vicinity of the site.

Crime Statistics

The overall setting of the site is considered to be one that is acceptable for continuing residential and commercial development within the present neighborhood setting. The immediate surrounding area is not considered to be one that comprises a "high crime" neighborhood. The most recent crime rate trend data for Glynn County reported by the Georgia Bureau of Investigation, in 2010 is exhibited below.

Type of Offence	Number of Offences	% of Total
Murder	4	0.08
Rape	20	0.39
Robbery	137	2.70
Assault	330	6.51
Burglary	1,172	23.13
Larceny	3,269	64.50
Vehicle Theft	136	2.68
Total	5,068	100%

Source: Georgia Bureau of Investigation



(1) Tara Arms, south to north.



(2) Tara Arms, east to west.



(3) Entrance into Tara Arms off Tara Lane.



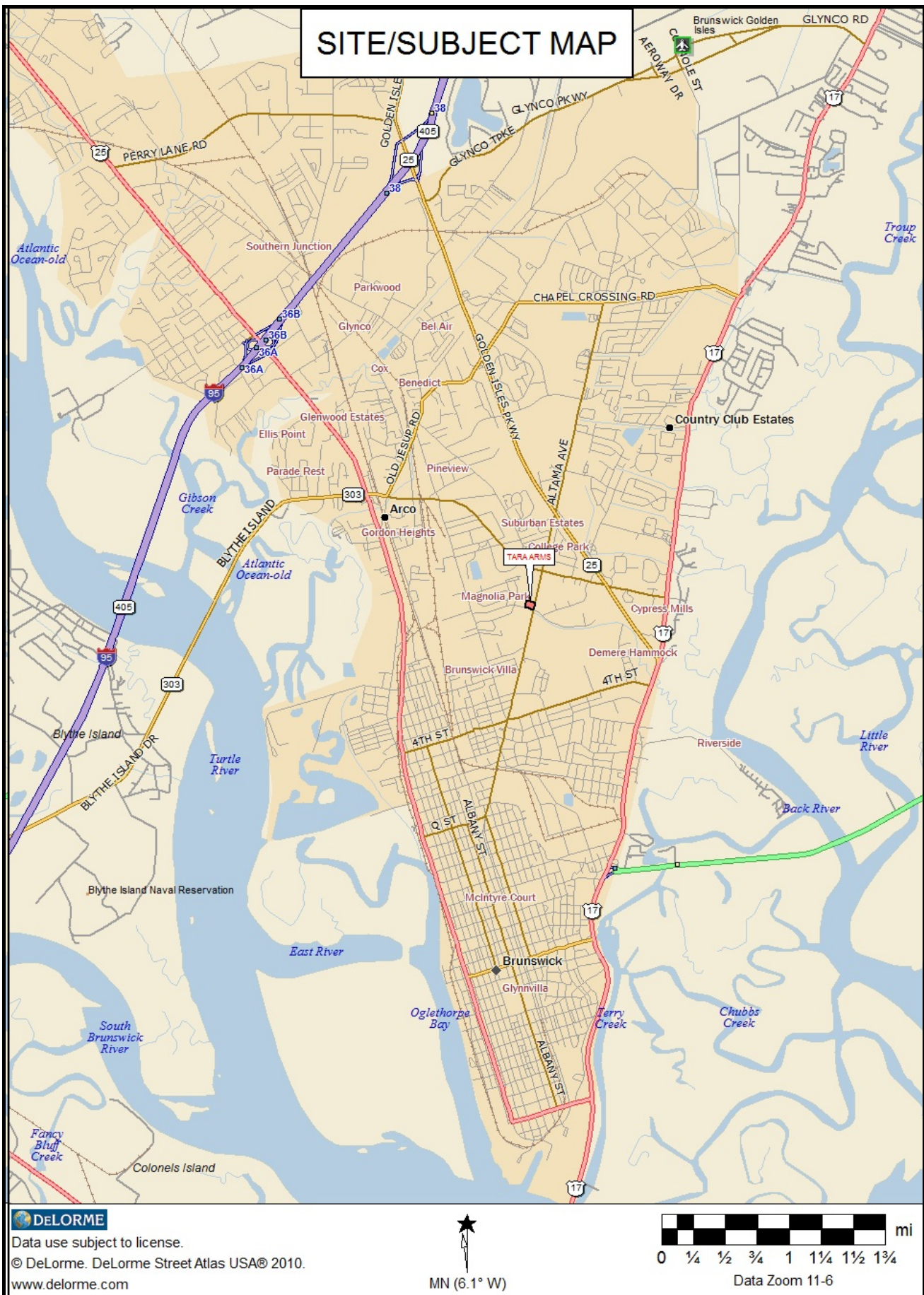
(4) GA Department of Labor, Tara Arms to the right.



(5) Typical single-family home in vicinity of site.



(6) Winn Dixie grocery, .2 miles east of Tara Arms.



Access to Services

The subject is accessible to major employers, shopping, healthcare services, retail and social services, recreational areas, and the local and regional highway system. (See Site and Facilities Map, next page.)

Distances from the site to community services are exhibited below:

Points of Interest	Distance from Subject
Walgreens Pharmacy	.1
Cypress Mill Shopping Center (Winn Dixie)	.1
Coastal GA Community College	.5
Middle School & High School	.5
Elementary School	1.1
Access to US 17	1.3
Walmart	1.6
SE GA Regional Medical Center	1.6
Access to US 25	1.7
Glynn Place Regional Mall	1.9
FLET Center	3.0
Downtown Brunswick	3.1
Post Office	3.2
Library	3.3
Access to I-95	3.7
GA Port Authority	4.7
St. Simmons Island	10.5

Note: Distance from subject is in tenths of miles and are approximated.



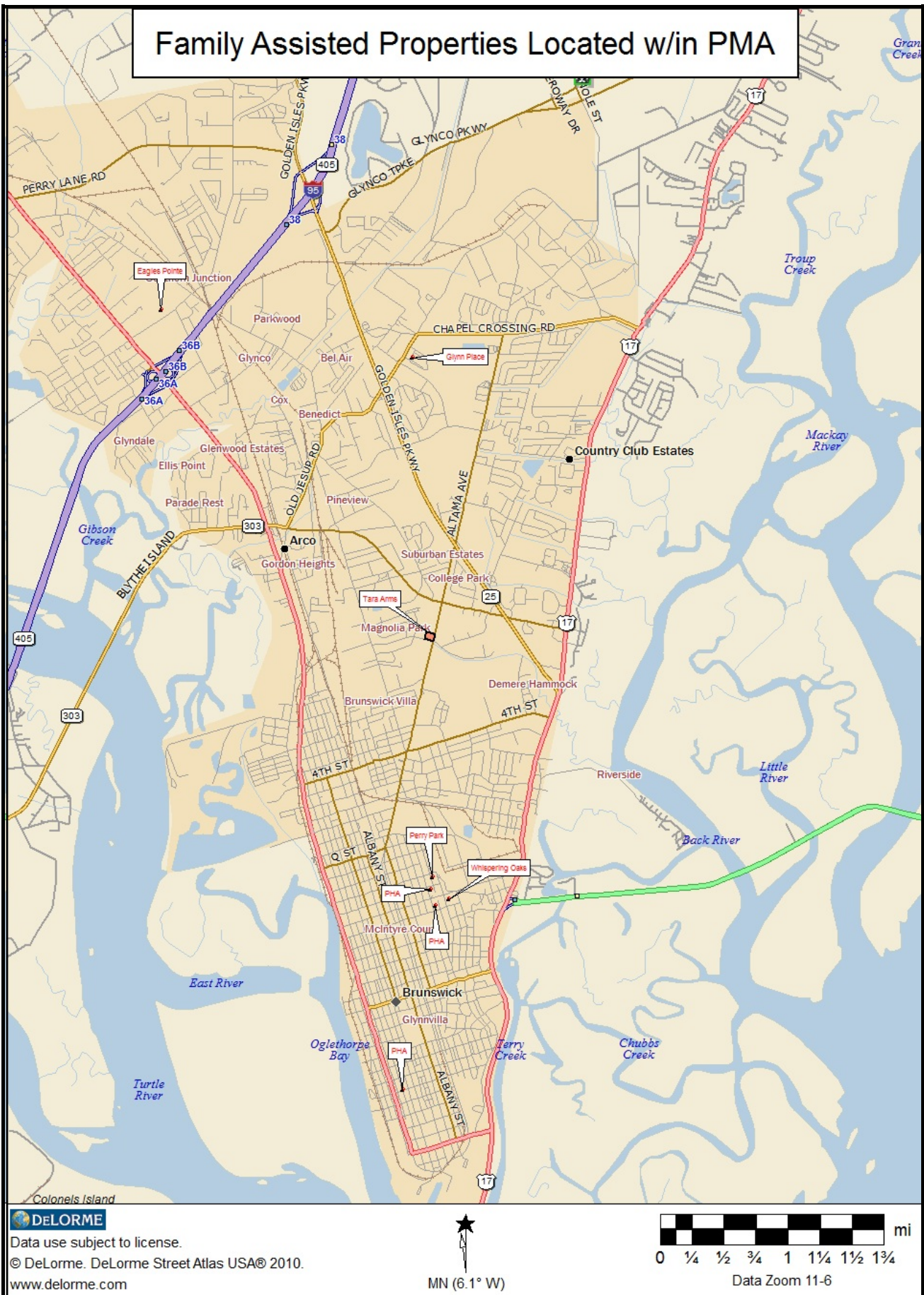
Family Program Assisted Apartments within the Brunswick PMA

At present there are six program assisted family apartment complexes, including the Brunswick Housing Authority located within Brunswick PMA. Five properties are LIHTC family developments, including the subject. A map (on the next page) exhibits the competitive program assisted family properties located within Brunswick in relation to the site.

Project Name	Program Type	Number of Units	Distance from Site
Glynn Place	LIHTC-fm	128	2.4
Eagles Pointe	LIHTC-fm	168	4.0
Perry Park	LIHTC-fm	82	2.5
Tara Arms	LIHTC-fm	65	0.0
Whispering Oaks	LIHTC-fm	72	2.5
Brunswick HA	PHA	636	scattered

Distance in tenths of miles

Family Assisted Properties Located w/in PMA



SUMMARY

The field visits for the site and surrounding market area were conducted on May 23, 2012. The site inspector was Mr. Jerry M. Koontz (of the firm Koontz & Salinger).

The overall character of the neighborhood in the immediate vicinity of the site can be defined as a mixture of land use including: commercial, institutional, and nearby single-family residential use. The site is located in the northern portion of Brunswick, within the city limits.

Access to the site is available from Tara Lane, via an entrance drive into Tara Arms. Tara Lane is a residential connector that links the site to Altama Avenue which is a major north-south connector in Brunswick. Tara Lane is a low density traveled road, with a speed limit of 25 miles per hour in the immediate vicinity of the site/subject. Also, the location of the site/subject off Tara Lane does not present problems of egress and ingress to the site.

The site offers very good accessibility and linkages to area services and facilities. The areas surrounding the site appeared to be void of negative externalities, including: noxious odors, close proximity to cemeteries, high tension power lines, rail lines and junk yards.

The site in relation to the subject and the surrounding roads is agreeable to signage, and offers good visibility via nearby traffic along Tara Lane and to some limited extent from passing traffic along Altama Avenue.

Overall, the field research revealed the following strengths and weaknesses of the subject in relation to subject marketability. In the opinion of the analyst, the site of the subject is considered appropriate as a multi-family development.

SITE/SUBJECT ATTRIBUTES:	
STRENGTHS	WEAKNESSES
Good accessibility to services, trade, employment nodes and area schools	
Good linkages to area road system	
Nearby road speed and noise are acceptable	
Surrounding land uses are acceptable	

SECTION D

MARKET AREA DESCRIPTION

The definition of a **market area** for any real estate use is generally limited to the geographic area from which consumers will consider the available alternatives to be relatively equal. This process implicitly and explicitly **considers** the **location** and **proximity** and **scale** of competitive options. Frequently, both a **primary** and a **secondary area** are **geographically defined**. This is an area where consumers will have the greatest propensity to choose a specific product at a specific location, and a secondary area from which consumers are less likely to choose the product but the area will still generate significant demand.

The field research process was used in order to establish the geographic delineation of the Primary Market Area (PMA). The process included the recording of spatial activities and time-distance boundary analysis. These were used to determine the relationship of the location of the site and specific subject property to other potential alternative geographic choices. The field research process was then reconciled with demographic data by geography as well as local interviews with key respondents regarding market specific input relating to market area delineation.

Primary Market Area

Based upon field research in Brunswick and a 5 to 10 mile area, along with an assessment of the competitive environment, transportation and employment patterns, the site location and physical, natural and political barriers - the Primary Market Area (PMA) for the proposed multi-family development consists of the Brunswick Census Division. Specifically, the Brunswick Census Division encompasses the following 2010 census tracts: 5.01, 5.03, 5.04, 6, 7, 8, and 9.

The PMA is centrally located within Glynn County. Brunswick, the county seat, is located in the southern portion of the PMA. Glynn County is located in the southeast coastal portion of the State. The county has two distinct geographies. They are: (1) the Mainland area which is anchored by the City of Brunswick and the I-95 corridor, and (2) the Golden Isles area which includes St. Simons Island, Sea Island, Little St. Simons Island and Jekyll Island.

The Golden Isles area of the County is predominantly oriented towards tourism, resort living and as a retirement destination. The Mainland area of the county, centered by Brunswick has a diversified economy serving portions of a four county regional area.

Brunswick is the most densely populated place within the PMA, representing approximately 45% of the total population. Other than

Brunswick there are no other incorporated places located within the County. However, St. Simmons (an unincorporated place) has been designated by the US Census as a Census Designated Place (CDP). It had a 2000 census population of 13,381 (about 20% of the total population in the County). Note: St. Simmons was excluded from the Brunswick PMA.

For the most part, Brunswick and the Brunswick PMA comprise the trade area for the county and portions of four surrounding counties regarding: employment opportunities, finance, retail and wholesale trade and health care services.

The PMA is bounded as follows:

Direction	Boundary	Distance from Subject
North	northern portion of Glynn County	2 miles
East	eastern portion of Glynn County	2 miles
South	southern portion of Glynn County	6 miles
West	western portion of Glynn County	4 miles

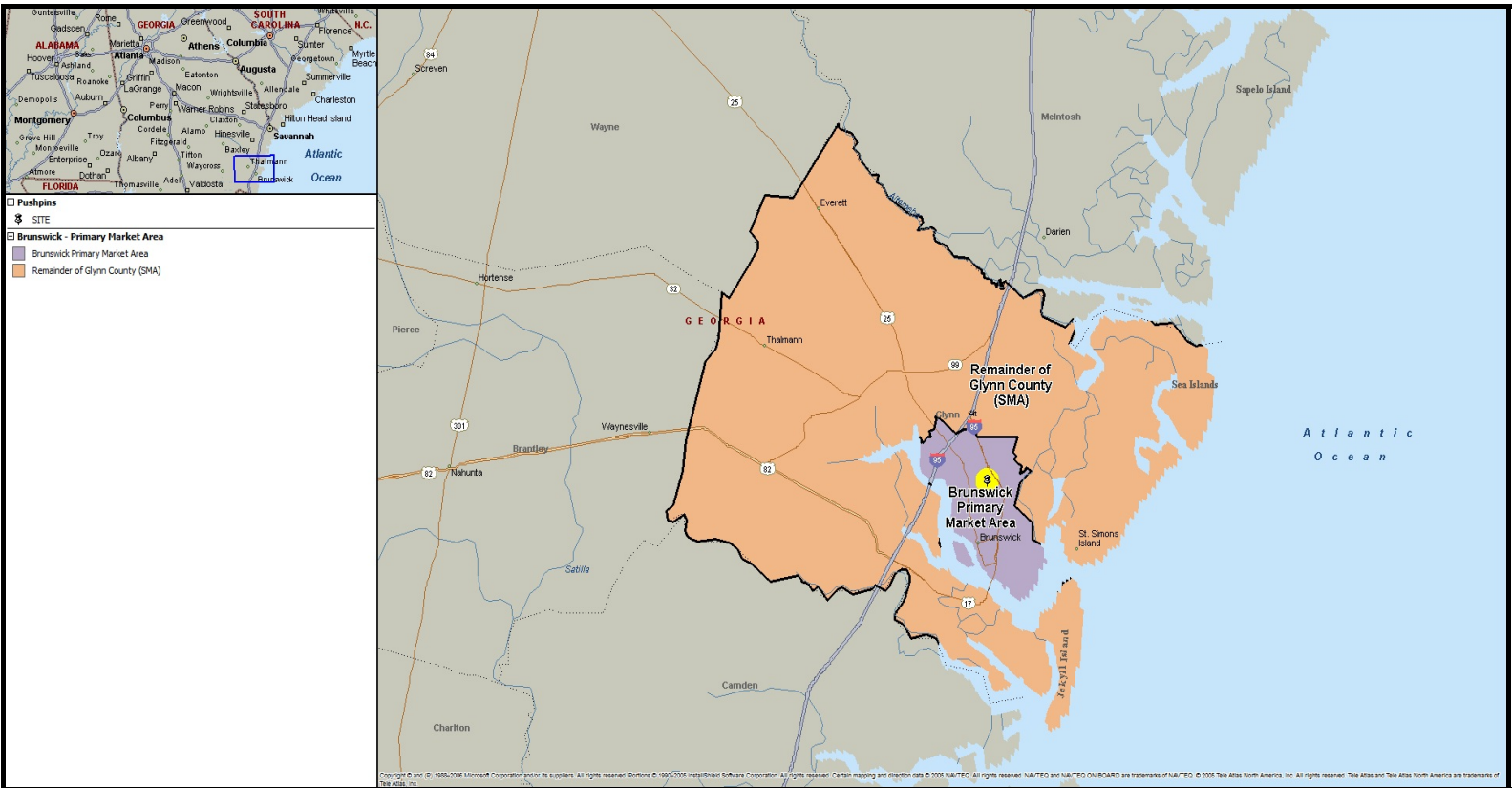
With regard to the location of an apartment complex, with and without deep subsidy rental assistance, the City of Brunswick would be the most logical choices as a location for a LIHTC complex within the PMA. In this case, the complex would not only serve these places, but the PMA as a whole, given the lack of alternative choices.

Transportation access to Brunswick and the PMA is excellent. Brunswick is served by US Highway 17 and State Roads 25 and 303. Access to I-95 is available via two interchanges, both approximately 2 to 3 miles north of the City. One of the two seaports in Georgia is located in Brunswick.

Jacksonville, Florida - the largest city in the region - is located 65 miles south of Brunswick. Savannah is located approximately 75 miles north.

Secondary Market Area

The Secondary Market Area (SMA) consists of that area beyond the Primary Market Area. Demand for the development from the SMA is considered to be good to very good. Typically, 5% to 25% of program assisted apartment complexes are occupied by tenants from outside the PMA. It is estimated that the subject will attract 10% to 15% of its tenant base from outside the PMA. Note: The demand methodology in this market study could utilize a GA-DCA market study guideline factor of 15%. Given the delineation of the PMA, a SMA factor of 15% is considered to be appropriate.



SECTION E

COMMUNITY DEMOGRAPHIC DATA

Tables 1 through 6 exhibit indicators of trends in total population and household growth, for Brunswick, the Brunswick PMA, and Glynn County.

Population Trends

Table 1, exhibits the change in **total** population in Brunswick, the Brunswick PMA, and Glynn County between 2000 and 2015. The year 2014 is estimated to be the first year of availability for occupancy of the subject property, as noted within the 2012 GA-DCA Market Study Manual. The year 2010 has been established as the base year for the purpose of estimating new household growth demand, by age and tenure, in accordance with the 2012 GA-DCA Market Study Manual.

The PMA exhibited moderate to significant total population gains between 2000 and 2010, at approximately +.60% per year. Population gains over the next several years, (2010-2015) are forecasted for the PMA at a comparable rate of moderate to significant growth, represented by a rate of change approximating +.50% to +1% per year.

The projected change in population for Brunswick is subject to local annexation policy and in-migration of rural county and surrounding county residents into the city. However, recent indicators, including the 2010 US Census estimates (at the place level) suggest that the population trend of the early 2000's in Brunswick has continued at a similar rate of gain.

It is estimated that approximately 40% to 42% of the County population is located within the Brunswick PMA. For the county as a whole, significant population gains are forecasted in the vicinity of +1.5%, per year.

Population Projection Methodology:

The forecasts for total population are based primarily upon the 2000 and 2010 census, as well as the 2010 to 2015 Georgia Office of Planning and Budget projections, and Nielsen-Claritas forecasts. In addition, 2010 to 2015 projections made by the Coastal Georgia Regional Development Center were reviewed. Note: 2010 census data will not be fully incorporated within private sector methodologies unit mid to late 2012. Currently available private sector demographic forecast data is still based upon the 2000 census. The overall methodology for the forecast of total population within the county was based upon a simple trend extrapolation technique, allowing for a adjustment regarding the recent and current economic recessionary environment.

The 2010 projections were compared to the actual 2010 census data. The Coastal Georgia 2010 forecast was too high and Nielsen-Claritas was too low. The State forecast was the nearest, being off by only around 1,000 people. The State data set was given the greatest weight and an adjustment was made for the 2015 State forecast.

A ratio methodology of the 1990, 2000, and 2010 difference between total population at the county level, which was then applied to the PMA as a ratio to the county population between 2010 and 2015, respectively. Basically, the ratio method expresses population change of a smaller area as a proportion of the population (or population change) of a larger area that the smaller area is located within.

The Nielsen-Claritas, Ribbon Demographics data was used as a basis in the forecast of income distributions, on a percentage/ratio basis in 2009 and 2014, and provided the basis of forecasting this data for 2010 and 2014.

Sources: (1) 2000 and 2010 US Census.

(2) Georgia 2010-2015 Residential Population Projection of Georgia Counties, Georgia Governor's Office of Planning and Budget.

(3) Georgia Coast 2030, Population Projection for 10-county Coastal Region, Coastal Georgia Regional Development Center, 9/2006.

(4) Nielsen Claritas 2009 and 2014 HISTA, Ribbon Demographics.

(5) Population Estimates, Methods for Small Area Analysis, edited by Lee & Goldsmith, 1982, Sage Publications.

Table 1					
Total Population Trends and Projections: Brunswick, Brunswick PMA and Glynn County					
Year	Population	Total Change	Percent	Annual Change	Percent
Brunswick					
2000	15,600	-----	-----	-----	-----
2010	15,383	- 217	- 1.39	- 22	- 0.14
Brunswick PMA					
2000	31,588	-----	-----	-----	-----
2010	33,555	+ 1,967	+ 6.23	+ 197	+ 0.62
2012	33,848	+ 293	+ 0.87	+ 147	+ 0.44
2014*	34,295	+ 447	+ 1.32	+ 224	+ 0.66
2015	34,615	+ 320	+ 0.93	+ 320	+ 0.93
Glynn County					
2000	67,568	-----	-----	-----	-----
2010	79,626	+12,058	+ 17.85	+1,206	+ 1.78
2012	82,056	+ 2,430	+ 3.05	+1,215	+ 1.53
2014	84,680	+ 2,624	+ 3.20	+1,312	+ 1.60
2015	86,000	+ 1,320	+ 1.56	+1,320	+ 1.56

* 2014 - Estimated year that project is placed in service.

Calculations - Koontz and Salinger. June, 2012.

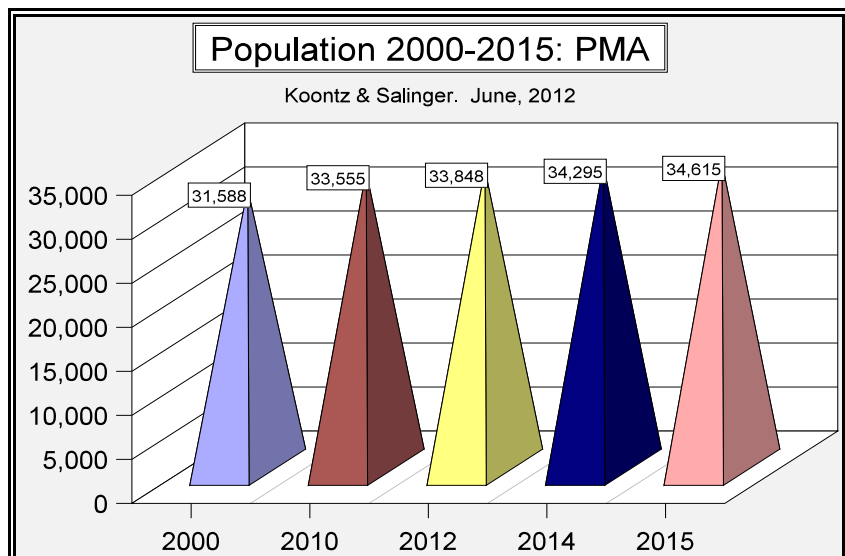
Table 2 exhibits the change in population by age group in Glynn County (which is representative of the PMA) between 2000 and 2010.

Table 2						
Population by Age Groups: Glynn County, 2000 - 2010						
	2000 Number	2000 Percent	2010 Number	2010 Percent	Change Number	Change Percent
Age Group						
0 - 4	4,398	6.51	5,352	6.72	+ 954	+ 21.69
5 - 19	14,494	21.45	15,863	19.92	+1,369	+ 9.45
20 - 24	3,726	5.51	4,823	6.06	+1,097	+ 29.44
25 - 44	18,665	27.62	19,438	24.41	+ 773	+ 4.14
45 - 54	9,726	14.39	11,639	14.62	+1,913	+ 19.67
55 - 64	6,798	10.06	10,535	13.23	+3,737	+ 54.97
65 +	9,761	14.45	11,976	15.04	+2,215	+ 22.69

Sources: 2000 & 2010 Census of Population, Georgia.
Koontz and Salinger. June, 2012.

Table 2 revealed that population increased in all of the displayed age groups within Glynn County between 2000 and 2010. The increase was moderate in the primary renter age group: of 20 to 44, at almost 10%. Overall, a significant portion of the total PMA population is in the target property primary renter group of 20 to 44, representing approximately 30.5% of the total population.

Between 2010 and 2015 total population is projected to increase in the PMA at approximately .50% to 1% per year. This is considered to be a moderate to significant rate of population growth. For the most part growth within the PMA has been occurring between the City of Brunswick and the I-95 corridor. The figure to the right presents a graphic display of the numeric change in population in the PMA between 2000 and 2015.



HOUSEHOLD TRENDS & CHARACTERISTICS

Table 3 exhibits the change in total households in the Brunswick PMA between 2000 and 2015. The moderate to significant increase in household formations in the PMA has continued over a 10 year period and is reflective of the continuing decline in overall household size. The overall rate of growth is approximately .50% per year, between 2010 and 2015.

The increase in the rate of persons per household has continued over the last 10 years and is projected to continue at a much reduced rate of gain between 2010 and 2015 in the PMA. The reduction in the rate of decline is based upon: (1) the number of retirement age population owing to an increase in the longevity of the aging process for the senior population, and (2) allowing for adjustments owing to divorce and the dynamics of roommate scenarios.

The forecasted estimate in group quarters is based upon trends observed in the 2000 and 2010 US Censuses.

Table 3 Household Formations: 2000 to 2015 Brunswick PMA					
Year / Place	Total Population	Population In Group Quarters	Population In Households	Persons Per Household¹	Total Households²
2000	31,558	664	30,894	2.4525	12,597
2010	33,555	872	32,683	2.5048	13,048
2012	33,848	900	32,948	2.5100	13,127
2014	34,295	930	33,365	2.5150	13,266
2015	34,615	950	33,665	2.5175	13,372

Sources: Nielsen Claritas HISTA Projections, Ribbon Demographics.
2000 and 2010 Census of Population, Georgia.

Calculations: Koontz & Salinger. June, 2012.

¹Continuation of the 2000 to 2010 persons per household rate of change.

²Population in Households divided by persons per unit count.

Table 4 exhibits households in the Brunswick PMA by owner-occupied and renter-occupied tenure. The 2000 to 2015 projected trend supports a change in the tenure ratio favoring renter-occupied households (significantly) on a percentage basis.

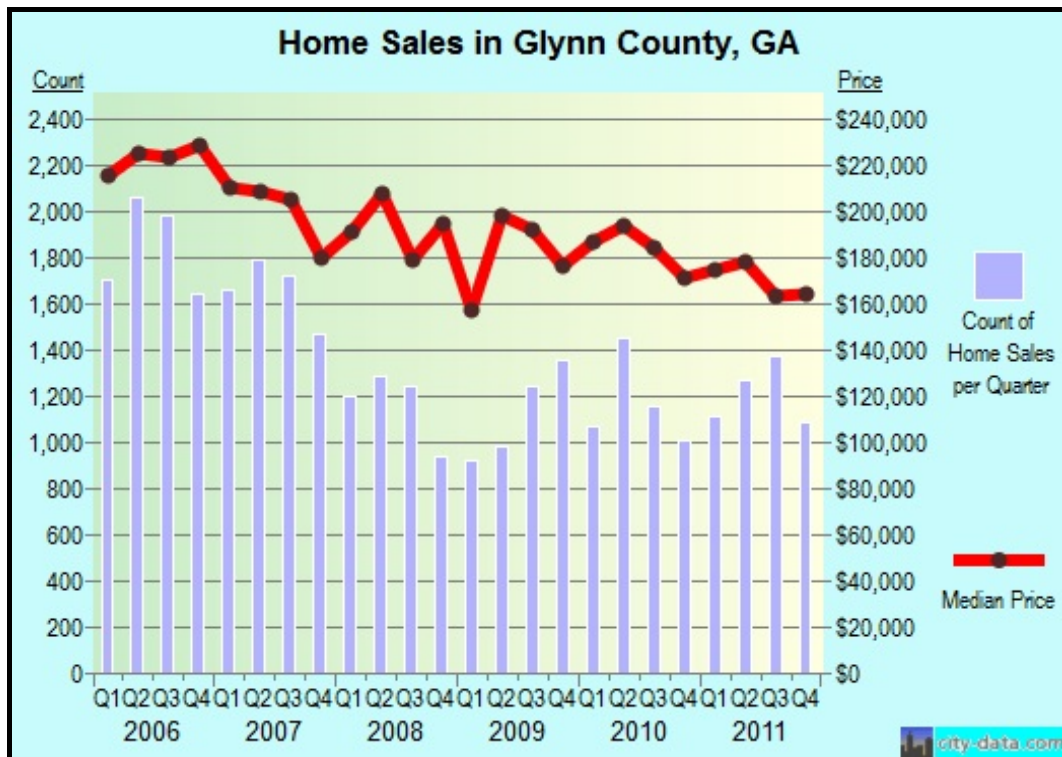
Overall, significant net numerical gains are forecasted for renter-occupied households in the PMA. The forecasted losses within the PMA in owner-occupied tenure are estimated to have stabilized by 2014.

<p>Table 4</p> <p>Households by Tenure: 2000-2015</p> <p>Brunswick PMA</p>					
Year/ Place	Total Households	Owner Occupied	Percent	Renter Occupied	Percent
PMA					
2000	12,597	6,325	50.21	6,272	49.79
2010	13,048	5,778	44.28	7,270	55.72
2012	13,127	5,677	43.25	7,450	56.75
2014	13,266	5,625	42.40	7,641	57.60
2015	13,372	5,623	42.05	7,749	57.95

Sources: 2000 & 2010 Census of Population, Georgia.

Koontz and Salinger. June, 2012.

The figure below exhibits homes in Glynn County, between 2006 and 2011. Between the 4th Quarter of 2010 and the 4th Quarter 2011, most home sales in Glynn County were in the vicinity of \$160,000 to \$180,000.



Source: www.city-data.com/county/Glynn_County-GA.html

HOUSEHOLD INCOME TRENDS & CHARACTERISTICS

One of the first discriminating factors in residential analysis is income eligibility and affordability. This is particularly of importance when analyzing the need and demand for program assisted multi-family housing.

A professional market study must distinguish between gross demand and effective demand. Effective demand is represented by those households that can both qualify for and afford to rent the proposed multi-family development. In order to quantify this effective demand, the income distribution of the PMA households must be analyzed.

Establishing the income factors to identify which households are eligible for a specific housing product requires the definition of the limits of the target income range. The lower limit of the eligible range is generally determined by affordability, i.e., the proposed gross rents and/or the availability of deep subsidy rental assistance (RA) for USDA-RD developments.

The estimate of the upper income limit is based on the most recent set of HUD Median Income Guidelines for three person households (the maximum household size for a 2BR unit, for the purpose of establishing income limits) in Glynn County, Georgia at 50% and 60% of the area median income (AMI).

For market-rate projects or components of mixed income projects, the entire range is estimated using typical expenditure patterns. While a household may spend as little for rent as required to occupy an acceptable unit, households tend to move into more expensive housing with better features as their incomes increase. In this analysis, the market-rate limits are set at an expenditure pattern of 25% to 45% of household income.

Tables 5A and 5B exhibit renter households, by income group, in the Brunswick PMA in 2000 and 2010, forecasted to 2014.

The projection methodology is based upon Nielsen Claritas forecasts for households, by tenure, by age and by income group for the year 2009 and 2014, with a base year data set of 2000 (US Census). The 2009 Nielsen Claritas percentages by income group were applied to the 2010 census count for households, by tenure. The 2014 percentages were applied to the 2014 forecast of households, by tenure.

Tables 5A and 5B exhibit renter-occupied households, by income in the Brunswick PMA in 2000, estimated to 2010, and projected to 2014.

Table 5A				
Brunswick PMA: Renter-Occupied Households, by Income Groups				
Households by Income	2000 Number	2000 Percent	2010 Number	2010 Percent
Under \$10,000	1,435	22.88	1,441	19.82
10,000 - 20,000	1,627	25.94	1,645	22.63
20,000 - 30,000	1,092	17.41	1,184	16.28
30,000 - 40,000	843	13.44	1,005	13.83
40,000 - 50,000	468	7.46	601	8.27
50,000 - 60,000	259	4.13	379	5.22
60,000 +	548	8.74	1,015	13.95
Total	6,272	100%	7,270	100%

Table 5B				
Brunswick PMA: Renter-Occupied Households, by Income Groups				
Households by Income	2010 Number	2010 Percent	2014 Number	2014 Percent
Under \$10,000	1,441	19.82	1,396	18.27
10,000 - 20,000	1,645	22.63	1,573	20.58
20,000 - 30,000	1,184	16.28	1,236	16.17
30,000 - 40,000	1,005	13.83	1,019	13.33
40,000 - 50,000	601	8.27	709	9.28
50,000 - 60,000	379	5.22	400	5.23
60,000 +	1,015	13.95	1,308	17.14
Total	7,270	100%	7,641	100%

Sources: 2000 Census of Population, Georgia.

Nielsen Claritas, HISTA Data, Ribbon Demographics.

Koontz and Salinger. June, 2012.

<p>Table 6</p> <p>Households by Tenure, by Person Per Household</p> <p>Glynn County, 2000 - 2014</p>								
Households	Owner				Renter			
	2000	2010	Change	% 2010	2000	2010	Change	% 2010
1 Person	4,021	4,878	+ 857	24.18%	3,382	3,873	+ 491	33.40%
2 Person	7,005	8,174	+1,169	40.51%	2,574	2,983	+ 409	25.72%
3 Person	3,047	3,151	+ 104	15.62%	1,515	1,933	+ 418	16.67%
4 Person	2,458	2,460	+ 2	12.19%	1,040	1,449	+ 409	12.49%
5 + Person	1,288	1,514	+ 226	7.50%	878	1,359	+ 481	11.72%
Total	17,819	20,177	+2,358	100%	9,389	11,597	+2,208	100%

Sources: 2000 & 2010 Census of Population, Georgia.
Nielsen Claritas HISTA Projection, Ribbon Demographics.
Koontz and Salinger. June, 2012.

Table 6 indicates that in 2010 approximately 76% of the renter-occupied households in Glynn County (which is representative of the Brunswick PMA) contain 1 to 3 persons (the target group by household size).

The majority of these households are:

- singles,
- couples, roommates,
- single head of households with children.

Noticeable increases in renter households by size were exhibited by 1 and 2 person per households. One person households are typically attracted to both 1 and 2 bedroom rental units and 2 and 3 person households are typically attracted to 2 bedroom units, and to a lesser degree three bedroom units. It is estimated that between 20% and 25% of the renter households in the PMA fit the bedroom profile for a 3BR unit. Given the proposed income targeting, rent positioning of the subject and 2010 and 2014 trends, the appropriate estimate is considered to be approximately 20%.

SECTION F

ECONOMIC & EMPLOYMENT TRENDS

The economic trends reflect the ability of the area to create and sustain growth, and job formation is typically the primary motivation for positive net immigration.

Tables 7 through 13 exhibit labor force trends by: (1) civilian labor force employment, (2) covered employment, (3) changes in covered employment by sector, and (4) changes in average annual weekly wages, for Glynn County. Also, exhibited are the major employers for the immediate labor market area. A summary analysis is provided at the end of this section.

Table 7 Civilian Labor Force and Employment Trends, Glynn County: 2005, 2010 and 2011			
	2005	2010	2011
Civilian Labor Force	39,177	37,134	36,684
Employment	37,458	33,393	32,827
Unemployment	1,719	3,741	3,857
Rate of Unemployment	4.4%	10.1%	10.5%

Table 8 Change in Employment, Glynn County				
Years	# Total	# Annual*	% Total	% Annual*
2005 - 2007	+ 1,732	+ 577	+ 4.62	+ 1.54
2008 - 2009	- 2,452	Na	- 6.26	Na
2009 - 2010	- 3,323	Na	- 9.05	Na
2010 - 2011	- 566	Na	- 1.69	Na

* Rounded

Na - Not applicable

Sources: Georgia Labor Force Estimates, 2005 - 2011. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2012.

Table 9 exhibits the annual change in civilian labor force employment in Glynn County between 2005 and 2012. Also, exhibited are unemployment rates for the County, State and Nation.

Table 9 Change in Labor Force: 2005 - 2012							
	Glynn County					GA	US
Year	Labor Force	Employed	Change	Unemployed	Rate	Rate	Rate
2005	39,177	37,458	-----	1,719	4.4%	5.2%	5.1%
2006	39,902	38,334	876	1,568	3.9%	4.7%	4.6%
2007	40,686	39,190	1,496	1,496	3.7%	4.6%	4.6%
2008	41,267	39,168	(22)	2,099	5.1%	6.3%	5.8%
2009	40,068	36,716	(2,452)	3,352	8.4%	9.8%	9.3%
2010	37,134	33,393	(3,323)	3,741	10.1%	10.2%	9.6%
2011	36,684	32,827	(566)	3,857	10.5%	9.8%	8.9%
Month							
1/2011	36,882	32,884	-----	3,998	10.8%	10.1%	9.1%
2/2011	36,550	32,571	(313)	3,979	10.9%	9.9%	9.0%
3/2011	36,772	32,984	413	3,788	10.3%	9.8%	8.9%
4/2011	36,682	32,985	1	3,697	10.1%	9.8%	9.0%
5/2011	36,889	33,193	208	3,696	10.0%	9.8%	9.0%
6/2011	37,258	33,274	81	3,984	10.7%	9.9%	9.1%
7/2011	37,220	33,123	(151)	4,097	11.0%	10.0%	9.1%
8/2011	37,003	33,043	(80)	3,960	10.7%	9.9%	9.1%
9/2011	36,209	32,351	(692)	3,858	10.7%	9.8%	9.0%
10/2011	36,252	32,442	91	3,810	10.5%	9.7%	8.9%
11/2011	35,965	32,312	(130)	3,653	10.2%	9.5%	8.7%
12/2011	36,519	32,757	445	3,762	10.3%	9.4%	8.5%
Month							
1/2012	36,807	32,959	-----	3,848	10.5%	9.4%	8.3%
2/2012	36,986	33,193	(234)	3,793	10.3%	9.2%	8.3%
3/2012	37,096	33,482	289	3,614	9.7%	8.9%	8.2%

Sources: Georgia Labor Force Estimates, 2005 - 2012.

Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2012.

Table 10 exhibits the annual change in covered employment in Glynn County between 2000 and 2011. Covered employment data differs from civilian labor force data in that it is based on a place -of-service work basis within a specific geography. In addition, the data set consists of most full and part-time, private and government, wage and salary workers.

<p>Table 10</p> <p>Change in Covered Employment: 2000 - 2011</p>		
Year	Employed	Change
2000	36,832	-----
2001	36,189	(643)
2002	35,904	(285)
2003	35,824	(80)
2004	36,816	992
2005	38,423	1,607
2006	39,246	823
2007	38,956	(290)
2008	39,321	(365)
2009	36,539	(2,782)
2010	35,038	(1,501)
2011 1 st Q	34,272	-----
2011 2 nd Q	35,149	877
2011 3 rd Q	34,954	(195)

Sources: Georgia Department of Labor, Workforce Information Analysis, 2000 and 2011. Koontz and Salinger. June, 2012.

Commuting

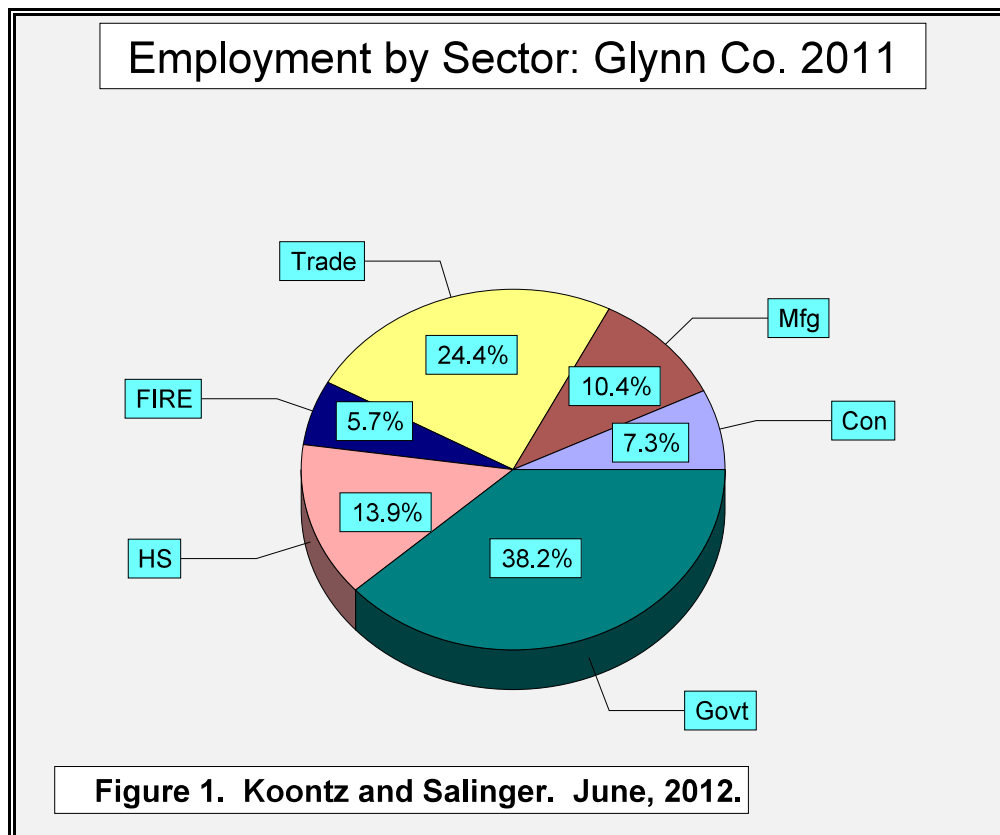
The majority of the workforce have relatively short commutes to work within Brunswick and Glynn County. Average commuting times range between 15 and 20 minutes. It is estimated that less than 10% of the PMA workforce commutes out of county to work. The majority commute to the surrounding adjacent counties, in particular towards Camden, McIntosh, and Wayne Counties, GA and Duval County, FL.

Source: US Census and the Glynn County Long Range Transportation Plan 2010-2035.

Table 11 Average Monthly Covered Employment by Sector, Glynn County, 3rd Quarter 2010 and 2011							
Year	Total	Con	Mfg	T	FIRE	HCSS	G
2010	35,213	1,568	2,280	5,387	1,373	3,338	8,535
2011	34,954	1,622	2,295	5,386	1,265	3,072	8,446
10-11 # Ch.	- 259	+ 54	+ 15	- 1	- 108	- 266	- 89
10-11 % Ch.	- 0.1	+ 3.4	+ 0.6	- 0.0	- 7.9	- 8.0	- 1.0

Note: Con - Construction; Mfg - Manufacturing; T - Retail and Wholesale Trade; FIRE - Finance, Insurance and Real Estate; HCSS - Health Care and Social Services; G - Federal, State & Local Government

Figure 1 exhibits employment by sector in Glynn County in the 3rd Quarter of 2011. The top four employment sectors are: manufacturing, trade, government and service. The forecast for 2012, is for the manufacturing sector to stabilize and the service sector to stabilize.



Sources: Georgia Department of Labor, Workforce Information Analysis, Covered Employment, 2010 and 2011.
Koontz and Salinger. June, 2012.

Table 12, exhibits average annual weekly wages in the 3rd Quarter of 2010 and 2011 in the major employment sectors in Glynn County. It is estimated that the majority of workers in the service and trade sectors in 2012 will have average weekly wages between \$450 and \$800.

Table 12 Average 3rd Quarter Weekly Wages, 2010 and 2011 Glynn County				
Employment Sector	2010	2011	% Numerical Change	Annual Rate of Change
Total	\$ 689	\$ 715	+ 26	+ 3.8
Construction	\$ 645	\$ 754	+109	+16.9
Manufacturing	\$1010	\$1108	+ 98	+ 9.7
Wholesale Trade	\$ 792	\$ 841	+ 49	+ 6.2
Retail Trade	\$ 444	\$ 467	+ 23	+ 5.2
Transportation & Warehouse	\$ 682	\$ 722	+ 40	+ 5.9
Finance & Insurance	\$ 876	\$ 929	+ 53	+ 6.1
Real Estate Leasing	\$ 578	\$ 666	+ 88	+15.2
Health Care Services	\$ 793	\$ 798	+ 5	+ 0.6
Hospitality	\$ 371	\$ 368	- 3	- 0.8
Federal Government	\$1592	\$1650	+ 58	+ 3.6
State Government	\$ 615	\$ 631	+ 16	+ 2.6
Local Government	\$ 871	\$ 870	- 1	- 0.0

Sources: Georgia Department of Labor, Workforce Information Analysis, Covered Employment, Wages and Contributions, 2010 and 2011.

Koontz and Salinger. June, 2012.

Major Employers

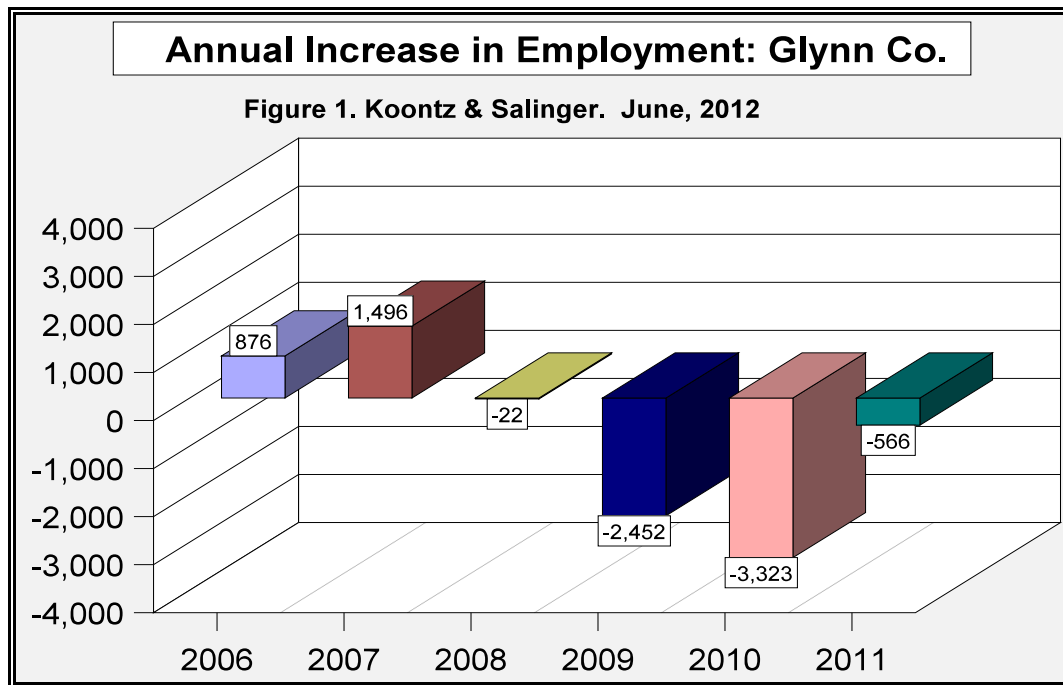
The major employers in Brunswick and Glynn County are listed in Table 13.

Table 13 Major Employers			
Firm	Product/Service	Employees	Year Built
Industrial			
Brunswick Cellulose	Paperboard	600	1936
Brunswick News	Publishing	65	1902
Certified Electric	Metal Fabrication	52	Na
Georgia Corp.	Lumber	100	1988
Pinova Inc.	Resins	238	1920
Industrial Insulation	Pipe Insulation	60	1974
King & Prince	Seafood Processing	340	Na
Gulfstream	Aircraft Refit	176	Na
International Auto	Automobile Processing	178	Na
Jered Industries	Cranes	143	1997
Koch Cellulose	Pulp Mill	88	2003
Rich Seapak Corp.	Seafood Processing	400	1949
Waggoners Trucking	Transportation	150	Na
Stambaugh Aviation	Aircraft Repair	75	Na
Non Industrial			
Federal Law Enforcement	Training Center	4,426	
Sea Island Company	Resort	1,320	
Glynn County School System	Education	1,957	
SE Georgia Health System	Hospital	2,300	
Glynn County	Government	885	
City of Brunswick	Government	305	
Walmart Supercenter	Retail Trade	470	
GSI Commerce	Call Center	400	
Jekyll Island	Authority	363	

Sources: Brunswick & Glynn County Development Authority, (912) 265-6629.

SUMMARY

The economic situation for Glynn County is statistically represented by employment activity, both in workers and jobs. As represented in Tables 7-13, Glynn County experienced moderate to significant employment gains between 2005 and 2007. Between 2009 and 2011, in particular in 2009, the decrease in employment in Glynn County was moderate to very significant, owing to the recent "deep recession". The negative trend increased into 2010, and then moderated in 2011. The recent decline is partly due to the decline in the labor force participation rate in 2011.



As represented in Figure 1 (and Table 8), between 2005 and 2007, the average increase in employment was approximately 575 workers or approximately +1.50% per year. The rate of employment loss between 2009 and 2010, was very significant at over -9.0%, representing a net loss of almost -3,325 workers. The rate of employment loss between 2010 and 2011, moderated (yet still significant) to -1.7%, representing a net loss of almost -570 workers. The rate of employment change thus far into 2012, is forecasted to increase on a year to year basis, albeit at a very modest rate of growth. Currently, local market employment conditions still remain in a fragile state, exhibiting recent signs of stabilization, on a sector by sector basis, but still very much subject to a downturn in local, state, and national economic conditions, such as a double dip recession.

Monthly unemployment rates in 2010 and 2011 were among the highest exhibited in over 10-years in Glynn County. Monthly unemployment rates have remained very high in 2012, ranging between 9.7% and 10.5%, with an overall estimate of 10.2%. These rates of unemployment for the local economy are reflective of Glynn County participating in the recent State, National, and Global recession and continuing period of slow to

very slow recovery growth. The recession was severe. Recent economic estimates and forecasts call for a bottom in unemployment losses occurring somewhere in late 2011. The National forecast for 2012 (at present) is for the unemployment rate to approximate 8% to 9%. Typically, over the last two years, the overall unemployment rate in Glynn County has approximated or has been slightly above the state average unemployment rate, and .5% to 1% above the national average. The annual unemployment rate in 2012 in Glynn County is forecasted to remain high, in the vicinity of 8.5% to 9.5%.

The Brunswick and Glynn County economy is well diversified. Tourism is the largest sector of the local economy contributing approximately \$1 billion per year to the total economic base. Local government is a major employer, as is the federal government with the location of the 1,600-acre Federal Law Enforcement Training Center in Brunswick. The Training Center has led to a number of lodging facilities opening in Brunswick in order to specifically serve the law enforcement officers/students attending the center on a very transient base. It is estimated that the center trained more than 65,000 students in fiscal year 2010. In addition, it is estimated that the FLET Center contributes over \$315 million to the annual local economic base within a five county area, of which most of the positive impact is concentrated within Glynn County.

Brunswick is the home of one of the two seaports in the State. The Marine Port Terminal, Colonel's Island, the Mayor's Point Terminal, and the Foreign Trade Zone are major destination points of ocean going vessels (in particular vessels carrying automobiles and grain). In 2003, the new Sidney Lanier Bridge (the largest bridge in the State) was completed and opened. Upon completion, the Brunswick River channel was widened to 500 feet and the depth of the river channel was increased to 36 feet, allowing for larger ocean going transport to enter the harbor/port. The new bridge is on target to double the capacity of the Port of Brunswick by 2013, bringing in an average of \$464 million in new state revenues per year. In February of 2011, the Port of Brunswick recorded its second best month of tonnage volume processed at the port.

At one time, the City's economic base was very dependent upon the local paper mill, the local fishing industry and seafood processing businesses. While all are still major contributors to the economic base, the overall characteristic of the local economy has changed from primarily blue collar related work to service, trade and White collar professional employment. Over the last 20 years the local economy has exhibited significant growth in the number of new retail trade establishments, small businesses, government-related growth and tourist related growth, while at the same time still maintaining a strong manufacturing sector.

Population growth centered primarily within the vicinity of St. Simons Island has also contributed significantly to economic growth. The resorts are major employers and the on-going residential and commercial development generates and maintains a large work force in the construction and landscaping trades.

The majority of the employment base for Glynn County, approximately 80%, resides in Glynn County.

Local Economy - Relative to Subject & Impact on Housing Demand

The 2012-2013 economic forecast for Glynn County is for a stabilized economy as a best case scenario, with the distinct possibility of a reversal of employment losses exhibited in 2011. This in turn will extend the very long and uphill battle for the local economy to turn positive in 2012-2013. Based on recent positive economic news a reversal to the upside is possible. Recent news of positive economic development in the area include:

(1) GSI Commerce, an e-commerce company recently acquired eBay, announced a significant facility and workforce expansion in September 2011. They've leased a new facility creating a 35,000 sf, state-of-the-art call center, adding an additional 700-jobs.

(2) The Georgia Ports Authority announced an agreement with Logistec to invest \$5 million to expand and enhance the east terminal at the Port of Brunswick, tripling the capacity of the terminal to handle wood pellets for export. The work is under way and should be completed within the first half of 2012.

(3) Just south of Brunswick is Georgia's third seaport, at St. Marys. It is the site of the Naval Submarine Base Kings Bay. The county is exploring commercial uses of the port, which boasts a 48-foot deep channel.

(4) Currently, Georgia Ports has an application before the Department of Homeland Security for an Employment Based Immigrant Investor program (known as EB-5). With approval of the EB-5 "regional center designation" (estimated to be sometime in 2012/2013) the Coastal Regional Commission estimated that three projects are inline with an aggregate investment of \$55 million and the creation 700-jobs. The EB-5 application, if successful, will positively impact both the Port of Brunswick and the Port of Savannah.

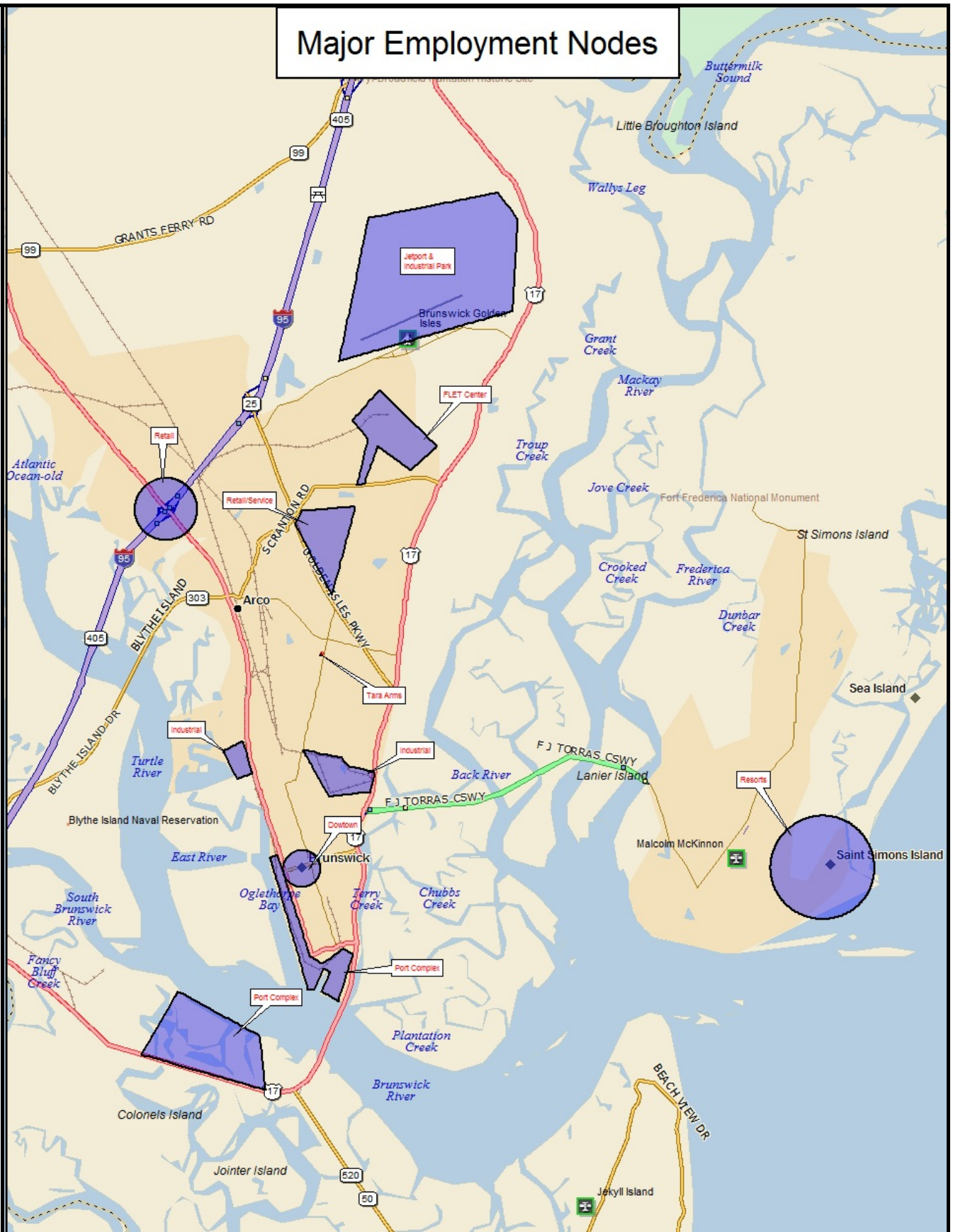
Source: www.georgiatrend.com (April 2012, Southeast Turning Around)

Still, even with the recent mixed local economic news and indicators, the Brunswick - Glynn County area economy has a large number of low to moderate wage workers employed in the service, trade, and manufacturing sectors.

Given the good location of the site/subject, with good proximity to several employment nodes, the proposed subject development will very likely attract potential renters from those sectors of the workforce who are in need of affordable housing and a reasonable commute to work. In addition, the subject has a history of providing affordable housing to the local population, which is continuing to increase in size, relative to the size of the total population.

A map of the major employment concentrations in Glynn County is exhibited on the next page.

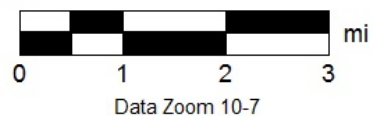
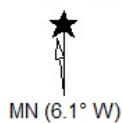
Major Employment Nodes



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SECTION G

PROJECT-SPECIFIC DEMAND ANALYSIS

This analysis examines the area market demand in terms of a specified GA-DCA demand methodology. This incorporates several sources of income eligible demand, including demand from new renter household growth and demand from existing renter households

already in the Brunswick market. In addition, given the amount of substandard housing that still exists in the PMA market, the potential demand from substandard housing will be examined.

This methodology develops an effective market demand comprising eligible demand segments based on household characteristics and typical demand sources. It evaluates the required penetration of this effective demand pool. The section also includes estimates of reasonable absorption of the proposed units.

In this section, the effective project size is 81-units (1-unit is set aside for management as a non revenue unit). Throughout the demand forecast process, income qualification is based on the distribution estimates derived in Tables 5A and 5B from the previous section of the report.

Subsequent to the derivation of the annual demand estimate, the project is considered within the context of the current market conditions. This analysis assesses the size of the proposed project compared to the existing population, including factors of tenure and income qualification. This indicates the proportion of the occupied housing stock that the project would represent and gives an indication of the scale of the proposed complex in the market. This does not represent potential demand, but can provide indicators of the validity of the demand estimates and the expected capture rates.

The demand analysis will address the impact on demand from existing and proposed like-kind competitive supply. In this case discriminated by age and income.

Finally, the potential impact of the proposed project on the housing market supply is evaluated, particularly the impact on other like-kind assisted family apartment projects in the market area.

For the purpose of capture rate analysis the demand methodology and analysis will assume that the proposed rehab subject development will be 100% vacant at the beginning of the rent-up process.

Income Threshold Parameters

This market study focused upon the following target population regarding income parameters:

- (1) - Occupied by households at 60 percent or below of area median income.
- (2) - Projects must meet the person per unit imputed income requirements of the Low Income Housing Tax Credit, as amended in 1990. Thus, for purposes of estimating rents, developers should assume no more than the following: (a) For efficiencies and one bedrooms, 1 person; (b) For units with one or more separate bedrooms, 1.5 persons for each separate bedroom. (Note that estimated rents must be net of utility allowances.)
- (3) - The proposed development be available to Section 8 voucher holders.
- (4) - The 2012 HUD Income Guidelines were used.
- (5) - 0% of the units will be set aside as market rate with no income restrictions.

Analyst Note: The subject will comprise 82 one and two-bedroom units. The recommended maximum number of people per unit is:

1BR - 1 and 2 persons
2BR - 2, 3 and 4 persons

Analyst Note: As long as the unit in demand is income qualified there is no minimum number of people per unit.

The proposed development will target approximately 20% of the units at 50% or below of area median income (AMI), and approximately 80% at 60% AMI.

The lower portion of the target income range is set by the proposed subject 1BR, and 2BR gross rents at 50% and 60% AMI.

It is estimated that households at the subject will spend between 30% and 45% of income for gross housing expenses, including utilities and maintenance. Recent Consumer Expenditure Surveys (including the most recent) indicate that the average cost paid by renter households is around 36% of gross income. Given the subject property's intended target group it is estimated that the target LIHTC income group will spend between 25% and 50% of income to rent. GA-DCA has set the estimate for non elderly applications at 35%.

The proposed 1BR net rent at 50% AMI is \$494. The estimated utility costs is \$71. The proposed 1BR gross rent at 50% AMI is \$565.

The proposed 1BR net rent at 60% AMI is \$568. The estimated utility costs is \$71. The proposed 1BR gross rent at 60% AMI is \$639.

Based on the proposed gross rents the lower income limits at 50% AMI was established at \$19,370. Based on the proposed gross rent the lower income limits at 60% AMI was established at \$21,910.

The AMI at 50% and 60% for 1 to 3 person households within the Brunswick MSA (which includes Glynn County, GA) follows:

	<u>50%</u> <u>AMI</u>	<u>60%</u> <u>AMI</u>
1 Person -	\$21,100	\$25,320
2 Person -	\$24,100	\$28,920
3 Person -	\$27,100	\$32,520

Source: 2012 HUD Median Income Guidelines.

SUMMARY

Target Income Range - Subject Property - by Income Targeting Scenario

50% AMI

The subject will position 32-units at 50% of AMI.

The overall **Target Income Range** for the proposed subject property targeting households at 50% AMI is \$19,370 to \$27,100.

It is projected that in 2014, approximately **12.5%** of the renter households in the PMA were in the subject property 50% AMI LIHTC target income group.

60% AMI

The subject will position 48-units at 60% of AMI.

The overall **Target Income Range** for the proposed subject property targeting households at 60% AMI is \$21,910 to \$32,520.

It is projected that in 2014, approximately **17%** of the renter households in the PMA were in the subject property 60% AMI LIHTC target income group.

Adjustments

In order to adjust for income overlap between the targeted income segments, the following adjustment was made. The 60% income segment estimate was reduced in order to account for overlap with the 50% AMI income target group.

It is estimated that approximately **9.5%** of the overall income qualified range will target households at the 50% AMI segment, and **11.5%** will target households at the 60% AMI segment.

Reconciliation of Net Rents

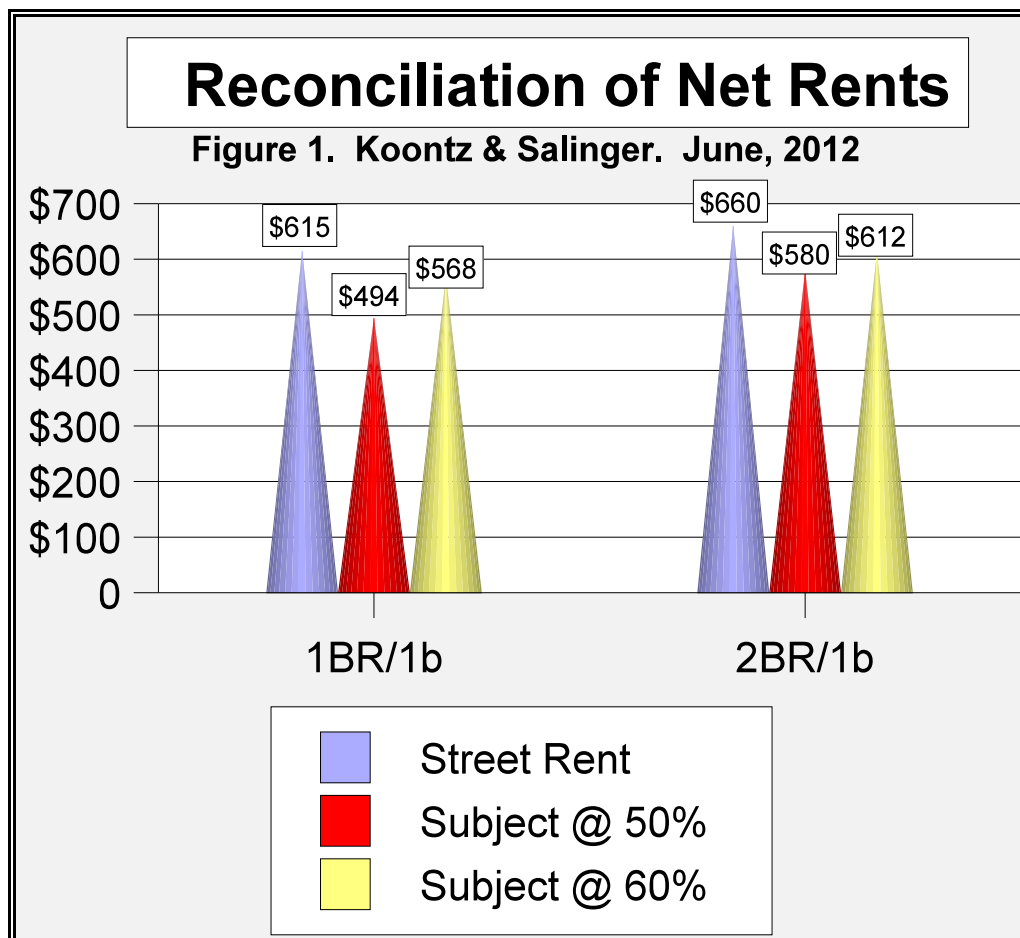
The survey of the competitive environment (which included local real estate professionals) revealed the following market based findings regarding net rents. Figure 1 below exhibits the estimated median conventional (street) net rents by bedroom type in relation to the proposed subject property net rents at 50% AMI, and 60% AMI.

Data Set

<u>Bedroom Type</u>	<u>Street Rent*</u>	<u>Subject Rents at</u>	
		<u>50% AMI</u>	<u>60% AMI</u>
1BR/1b	\$615	\$494	\$568
2BR/1b	\$660	\$580	\$612

* median net rent (adjusted)

Figure 1, reveals that the proposed subject 1BR net rent at 50% AMI is approximately 20% less and at 60% AMI is approximately 8% less than the comparable/competitive 1BR market rate net rent. The proposed subject 2BR/1b net rent at 50% AMI is approximately 12% less and at 60% AMI is approximately 7% less than the comparable/competitive 2BR/1b market rate net rent.



Effective Demand Pool

In this methodology, there are three basic sources of demand for an apartment project to acquire potential tenants:

- * net household formation (normal growth),
- * existing renters who are living in substandard housing, and
- * existing renters who choose to move to another unit, typically based on affordability (rent overburdened), project location and features.

As required by the most recent set of GA-DCA Market Study Guidelines, several adjustments are made to the basic model. The methodology adjustments are:

- (1) taking into consideration like-kind competitive units now in the "pipeline", and/or under construction within the 2010 to 2014 forecast period,
- (2) taking into consideration like-kind competition introduced into the market between 2010 and 2012, and
- (3) for secondary market area demand (a 15% adjustment factor).

Growth

For the PMA, forecast housing demand through household formation totals 218 households over the 2010 to 2014 forecast period. By definition, were this to be growth it would equal demand for new housing units. This demand would further be qualified by tenure and income range to determine how many would belong to the subject target income group. During the 2010 to 2014, forecast period it is calculated that 371 or approximately 100% of the new households formations would be renters.

Based on 2014 income forecasts, 35 new renter households fall into the 50% AMI target income segment of the proposed subject property, and 43 new renter households fall into the 60% AMI target income segment.

Demand from Existing Renters that are In Substandard Housing

The most current and reliable data from the US Census regarding substandard housing is the 2000 census, and the 2006-2010 American Community Survey. By definition, substandard housing in this market study is from Tables H21 and H48 in Summary File 3 of the 2000 census - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively. By definition, substandard housing in this market study is from Tables B25015 and B25016 in the 2006-2010

American Community Survey 5-Year Estimates - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively.

Based upon 2000 Census data, 639 renter-occupied households were defined as residing in substandard housing. Based upon 2005-2009 American Community Survey data, 416 renter-occupied households were defined as residing in substandard housing.

The forecast for 2010 based upon a straight line trend of over crowding data, and holding constant at year 2009 lacking complete plumbing data was for 390 renter occupied households residing in substandard housing in the PMA. The forecast in 2014 was for 290 renter occupied households residing in substandard housing in the PMA.

Based on 2014 income forecasts, 28 substandard renter households fall into the target income segment of the proposed subject property at 50% AMI, and 33 are in the 60% AMI segment.

Demand from Existing Renters that are Rent Overburdened

An additional source of demand for rental units is derived from renter households desiring to move to improve their living conditions, to accommodate different space requirements, because of changes in financial circumstances or affordability. For this portion of the estimate, rent overburdened households are included in the demand analysis. Note: This segment of the demand analysis excluded the estimate of demand by substandard housing as defined in the previous segment of the demand analysis.

By definition, rent overburdened are those households paying greater than 30% to 35% of income to gross rent*. The most recent *census based data* for the percentage of households that are rent overburdened by income group is the 2000 census. In addition, the 2006-2010 American Community Survey provides the most current *estimated* update of rent overburden statistical information. Forecasting this percentage estimate forwarded into 2014 is extremely problematic and would not hold up to the rigors of statistical analysis. It is assumed that the percentage of rent overburdened households within the target income range has increased, owing to the recent 2008-2010 national and worldwide recession since the report of the findings in the 2006-2010 American Community Survey. The 2006-2010, ACS indicates that within Glynn County approximately 46% of all households age 18 to 64 (owners & renters) are rent overburdened and the approximately 81% of all renters (regardless of age) within the \$10,000 to \$19,999 income range are rent overburdened versus 61% in the \$20,000 to \$34,999 income range.

It is estimated that approximately 65% of the renters with incomes in the 60% AMI target income segment are rent overburdened, and 75% of the renters with incomes in the 60% AMI target income segment are rent overburdened.

*Note: HUD and the US Census define a rent over burdened household at 30% of income to rent.

In the PMA it is estimated that 454 existing renter households are rent overburdened and fall into the 50% AMI target income segment of the proposed subject property, and 507 are in the 60% AMI segment.

Total Effective Tenant Pool - PMA

The potential demand from these sources (in the PMA) total 517 households/units at 50% AMI. The potential demand from these sources (in the PMA) total 583 households/units at 60% AMI. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from the PMA, by income target group segment.

Secondary Market Area Adjustment

The following is in the 2012 GA-DCA Market Study Guidelines: "Demand from the Secondary Market will be limited to 15% of the demand from the Primary Market and will require the analyst to sufficient documentation to justify the need for this market and how it relates to the Primary Market in providing a more accurate analysis of the proposed tenant population for the proposed development."

As documented in Section C (Market Area Description) of this report the demand methodology in this market study could utilize a GA-DCA market study guideline factor of 15%. Given the delineation of the PMA a SMA factor of 15% is considered to be appropriate.

The secondary market area adjustment factor increased demand by 78 households at 50% AMI, and 87 households at 60% AMI.

Total Effective Tenant Pool - PMA & SMA

The potential demand from the demand methodology sources from both the PMA and SMA total 595 households/units at 50% AMI. The potential demand from the demand methodology sources from both the PMA and SMA total 670 households/units at 60% AMI. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from both the PMA and SMA.

These estimates of demand were adjusted for the introduction of new like-kind supply into the PMA between 2010 and 2012. Naturally, not every household in this effective demand pool will choose to enter the market for a new unit; this is the gross effective demand.

The final segmentation process of the demand methodology was to subtract out like-kind competition/supply in the PMA built as a LIHTC property or acquired and rehabed as a LIHTC property since 2010. In the case of the subject, like-kind supply includes other LIHTC and/or LIHTC/Home family developments, and Tax Exempt Bond family developments.

Note: Since 2010, there have been no like-kind competitive LIHTC family apartment developments introduced within the Brunswick PMA.

Upcoming Direct Competition

An additional adjustment is made to the total demand estimate. The estimated number of direct competitive supply under construction and/or in the pipeline for development must be taken into consideration.

A review of the 2009 to 2011 list of awards for both LIHTC & Bond applications made by the Georgia Department of Community Affairs revealed that no awards were made for a ***LIHTC family new construction or acquisition rehab development within the Brunswick PMA.***

The segmented, effective demand pool for the proposed LIHTC new construction development is summarized in Table 14.

Table 14: LIHTC Family

Quantitative Demand Estimate: Brunswick PMA

	50%	60%
	<u>AMI</u>	<u>AMI</u>
● <u>Demand from New Growth - Renter Households</u>		
Total Projected Number of Households (2014)	7,641	7,641
Less: Current Number of Households (2010)	<u>7,270</u>	<u>7,270</u>
Change in Total Renter Households	+ 371	+ 371
% of Renter Households in Target Income Range	<u>9.5%</u>	<u>11.5%</u>
Total Demand from New Growth	+ 35	+ 43
● <u>Demand from Substandard Housing with Renter Households</u>		
Number of Households in Substandard Housing (2010)	390	390
Number of Households in Substandard Housing (2014)	290	290
% of Substandard Households in Target Income Range	<u>9.5%</u>	<u>11.5%</u>
Number of Income Qualified Renter Households	28	33
● <u>Demand from Existing Renter Households</u>		
Number of Renter Households (2014)	7,641	7,641
Minus substandard housing segment	290	290
Net Number of Existing Renter Households	7,351	7,351
% of Households in Target Income Range	<u>9.5%</u>	<u>11.5%</u>
Number of Income Qualified Renter Households	698	845
Proportion Income Qualified (that are Rent Overburden)	<u>65%</u>	<u>60%</u>
Total	454	507
● <u>Net Total Demand from the PMA</u>	517	583
● <u>Secondary Market Area Adjustment</u>		
Net Total Demand	517	583
Adjustment Factor of 15%	<u>15%</u>	<u>15%</u>
Demand from SMA Adjustment	78	87
● <u>Gross Total Demand (PMA & SMA)</u>	595	670
Minus New Supply of Competitive Units (2010-2012)	<u>- 0*</u>	<u>- 0*</u>
● <u>Gross Total Demand (Renter, Owner, Non Tenure & SMA)</u>	595	670

* No new supply since 2010

Table 14 - Converted w/in GA-DCA Required Table

	HH @30% AMI xxxxxx to xxxxxx	HH @50% AMI \$19,370 to \$27,100	HH@ 60% AMI \$21,910 to \$32,520	HH @ Market xxxxxx to xxxxxx	All LIHTC Households
Demand from New Household (age & income appropriate)		35	43		78
Plus					
Demand from Existing Renter Households - Substandard Housing		28	33		61
Plus					
Demand from Existing Renter Households - Rent Overburdened households		454	507		961
Plus					
Secondary Market Demand adjustment (if any) Subject to 15% Limitation		78 (15%factor)	87 (15%factor)		165
Sub Total		595	670		1,265
Demand from Existing Households - Elderly Homeowner Turnover (limited to 15%)		Na	Na		Na
Equals Total Demand		595	670		1,265
Less					
Supply of comparable LIHTC or Market Rate housing units built and/or planned in the project market between 2010 and the present		0	0		0
Equals Net Demand		595	670		1,265

Capture Rate Analysis

Total Number of Households Income Qualified = 1,265. For the subject 81 LIHTC units (1-unit of the overall 82-units will be set aside as a non revenue unit), this equates to an overall LIHTC Capture Rate of **6.4%**.

	50%	60%
● <u>Capture Rate</u> (81 unit subject, by AMI)	<u>AMI</u>	<u>AMI</u>
Number of Units in Subject Development	17	64
Number of Income Qualified Households	595	670
Required Capture Rate	2.9%	9.6%

● Total Demand by Bedroom Mix

It is estimated that approximately 45% of the target group fits the profile for a 1BR unit, 40% for a 2BR unit, and 15% of the target group is estimated to fit a 3BR unit profile. Source: Table 6 and Survey of the Competitive Environment.

* At present, there are no LIHTC (family) like kind competitive properties either under construction or in the pipeline for development, within the Brunswick PMA.

Total Demand by Bedroom Type (at 50% AMI)

1BR - 268
2BR - 238
3BR - 89

Total - 595

	<u>Total Demand</u>	<u>New Supply*</u>	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	268	0	268	14	5.2%
2BR	238	0	238	3	1.3%
3BR	89	0	89	0	Na

Total Demand by Bedroom Type (at 60% AMI)

1BR - 302
2BR - 268
3BR - 100

Total - 670

	<u>Total Demand</u>	<u>New Supply*</u>	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	302	0	302	56	18.5%
2BR	268	0	268	8	3.0%
3BR	100	0	100	0	Na

Capture Rate Analysis Chart

Income Targeting	Income Limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Abspt
30% AMI							
1BR							
2BR							
3BR							
4BR							
50% AMI							
1BR	\$19,370-\$24,100	14	268	0	268	5.2%	4 mos.
2BR	\$23,210-\$27,100	3	238	0	238	1.3%	1 mo.
3BR							
4BR							
60% AMI							
1BR	\$21,910-\$28,920	56	302	0	302	18.5%	8 mos.
2BR	\$24,310-\$32,520	8	268	0	268	3.0%	1 mo.
3BR							
4BR							
Market Rate							
1BR							
2BR							
3BR							
4BR							
Total 30%							
Total 50%	\$19,370-\$27,100	17	506	0	506	3.4%	4 mos.
Total 60%	\$21,910-\$32,520	64	570	0	570	11.2%	8 mos.
Total LIHTC	\$19,370-\$32,520	81	1,076	0	1,076	7.5%	8 mos.

● Penetration Rate:

The NCAHMA definition for Penetration Rate is: "The percentage of age and income qualified renter households in the Primary Market Area that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the Stabilized Level of Occupancy."

The above capture rate analysis and findings already take into consideration like-kind upcoming and pipeline development. In fact, the final step of the Koontz & Salinger demand and capture rate methodologies incorporates penetration rate analysis.

Rent Analysis Chart

Income Targeting	Average Market Rent	Market Rent Band Min-Max	Proposed Rents
30% AMI			
1BR			
2BR			
3BR			
4BR			
50% AMI			
1BR	\$615	\$509-\$735	\$494
2BR	\$660	\$538-\$786	\$580
3BR			
4BR			
60% AMI			
1BR	\$615	\$509-\$735	\$568
2BR	\$660	\$538-\$786	\$612
3BR			
4BR			
Market Rate			
1BR			
2BR			
3BR			
4BR			

* Source: Comparable properties

Overall Impact to the Rental Market

Given the current rental market vacancy rate for program assisted LIHTC-family properties and the forecasted strength of demand for the expected entry of the subject in 2014, it is estimated that the introduction of the proposed development will probably have little to no long term negative impact on the PMA program assisted apartment market. Any imbalance caused by initial tenant turnover is expected to be temporary, i.e., less than / up to 1 year. (Note: This expectation is contingent upon neither catastrophic natural nor economic forces effecting the Brunswick, and Glynn County apartment market and local economy between 2012-2013.)

The subject is a rehab development of a 82-unit property which at the time of the survey was 100% occupied, and maintained a waiting list with 12-applicants. The development will not bring any new units into the market that will compete with the existing stock of LIHTC family properties in Brunswick.

Presently, there are four LIHTC family properties located within Brunswick. At the time of the survey, one property was 100% occupied, two property were 96% occupied, and one property was 75% occupied. The property that is 75% occupied, Glynn Place only offers 3BR units. The subject rehab development, Tara Arms, only offers 1BR and 2BR units.

SECTION H

COMPETITIVE ENVIRONMENT & SUPPLY ANALYSIS

This section of the report evaluates the general rental housing market conditions in the PMA and the adjacent LaGrange apartment market, for both LIHTC program assisted properties and market rate properties.

Part I of the survey focused upon the existing program assisted family properties within the PMA. Part II consisted of a sample survey of conventional apartment properties in the PMA. The analysis includes individual summaries and pictures of properties as well as an overall summary rent reconciliation analysis.

The Brunswick apartment market is representative of a well established small urban apartment market, with a mixture of a number of to mid-size to large program assisted properties and small to large market rate properties. At present, the market has five program assisted family properties (excluding the local housing authority). Three of the program assisted properties are new construction LIHTC family developments, one is a LIHTC rehab development and one is the subject of this report. The local apartment market has several mid-size to large conventional apartment complexes, with the remainder of the rental supply comprising mostly single-family homes and duplexes/triplexes for rent, centered primarily within the City of Brunswick.

The majority of the market rate supply located in the rural areas of the County consists primarily of single-family homes for rent and single-wide trailers.

Part I - Sample Survey of Market Rate Apartments

Eleven rate properties, representing 1,186 units, were surveyed in the subject's competitive environment, in detail. Several key findings in the local conventional apartment market include:

- * At the time of the survey, the overall estimated vacancy rate of the surveyed market rate apartment properties was approximately 4% (4.2%). About 40% of the vacant units were at one property, Glynn Place. At present, approximately 50% of the market rate properties are offering some type of rent concession in order to maintain an occupancy rate greater than 90% to 95%.
- * Up until early May 2012, Glynn Place was a LIHTC family property. After a 15-year compliance period the property withdrew from the tax credit program and has reverted to a market rate property.
- * The bedroom mix of the surveyed apartment properties is 14.5% 1BR, 57.5% 2BR, and 28% 3BR.

* A survey of the conventional apartment market exhibited the following average, median and range of net rents, by bedroom type, in the area competitive environment:

Market Rate Competitive Environment - Net Rents			
BR/Rent	Average	Median	Range
1BR/1b	\$579	\$615	\$405-\$715
2BR/1b	\$508	\$495	\$475-\$565
2BR/2b	\$708	\$710	\$610-\$825
3BR/2b	\$732	\$735	\$675-\$920

Source: Koontz & Salinger. June, 2012

* A survey of the conventional apartment market exhibited the following average, median and range of size of units, by bedroom type, in the area competitive environment:

Market Rate Competitive Environment - Unit Size			
BR/Size	Average	Median	Range
1BR/1b	789	810	690-981
2BR/1b	888	890	850-925
2BR/2b	1113	1160	981-1246
3BR/2b	1305	1330	1066-1470

Source: Koontz & Salinger. June, 2011

* In the area of unit size, by bedroom type, the subject will not offer competitive unit sizes, by floor plan, with the existing market rate properties. The subject 1BR units are undersize on average by around 145 sf and are undersize on average by around 200 sf for the subject 2BR/1b units.

Part II - Survey of the Program Assisted Apartment Market

Three program assisted properties, representing 305 units, were surveyed in the subject's competitive environment, in detail. All three properties are LIHTC family developments, located within Brunswick. Several key findings in the local program assisted apartment market include:

* At the time of the survey, the overall estimated vacancy rate of the surveyed program assisted LIHTC-family apartment properties was approximately 5.5% (5.6%). Almost 90% of the vacant units were at one property, Eagles Pointe. This property is typically 93% to 95% occupied. At the time of the survey, it was approximately 91% occupied.

* At the time of the survey, one of the three LIHTC family properties maintained a waiting list.

* The bedroom mix of the surveyed program assisted LIHTC family apartment properties is 13% 1BR, 48.5% 2BR, and 38.5% 3BR & 4BR.

Glynn County HUD Section 8 Voucher Program

The HUD Section 8 Voucher program for Brunswick and Glynn County is managed by the Brunswick Housing Authority. Currently, 750 Section 8 vouchers are in use and 50 households are at present attempting to place a voucher within the market. The Authority is approved for a baseline of 750 vouchers. The waiting list for a voucher is very long, with approximately 500 applicants. The list was purged in September 2010. Source: Ms. Jules Small, Director of Operations, Brunswick Housing Authority, (912) 265-1334. (Interview Date: 5/16/12)

Comparable Properties

* The most comparable surveyed market rate properties to the subject in terms of rent reconciliation/advantage analysis are:

Comparable Market Rate Properties: By BR Type		
1BR	2BR	3BR
Camelia	Camelia	
Fountain Lake	Fountain Lake	
Legacy	Legacy	
Merritt Landing	Merritt Landing	
Reserve @ Altama	Reserve @ Altama	

Source: Koontz & Salinger. June, 2012

* The most direct like-kind comparable surveyed properties to the proposed subject development in terms of age and income targeting are the 50% AMI units at the Eagles Pointe LIHTC family property.

* In terms of market rents, and subject rent advantage, the most comparable properties, comprise a compilation of the surveyed market rate properties located within the PMA, in particular: Camelia, Fountain Lake, Legacy, Merritt Landing and Reserve at Altama.

Fair Market Rents

The 2012 Fair Market Rents for the Brunswick MSA (which includes Glynn County, GA) are as follows:

Efficiency	= \$ 588
1 BR Unit	= \$ 639
2 BR Unit	= \$ 709
3 BR Unit	= \$1010
4 BR Unit	= \$1245

*Fair Market Rents are gross rents (include utility costs)

Source: www.huduser.org

Note: The proposed subject property LIHTC one and two-bedroom gross rents are set below the maximum Fair Market Rent for a one and two-bedroom unit at 50% AMI. Thus, the subject property LIHTC 1BR and 2BR units at 50% AMI will be readily marketable to Section 8 voucher holders in Glynn County.

The proposed subject property LIHTC one and two-bedroom gross rents are set at the maximum Fair Market Rent for a one and two-bedroom unit at 60% AMI. Thus, the subject property LIHTC 1BR and 2BR units at 60% AMI will be marketable to Section 8 voucher holders in Glynn County.

Table 15 exhibits building permit data between 2000 and March 2012. The permit data is for Glynn County.

Between 2000 and 2012, 7,909 permits were issued in Glynn County, of which, 670 or approximately 8.5% were multi-family units.

Table 15 New Housing Units Permitted: Glynn County, 2000-2012¹			
Year	Net Total ²	Single-Family Units	Multi-Family Units
2000	613	532	81
2001	651	643	8
2002	848	540	308
2003	722	678	44
2004	946	817	129
2005	1,063	983	80
2006	982	968	14
2007	686	680	6
2008	395	395	--
2009	309	309	--
2010	307	307	--
2011	303	303	--
2012	84	84	--
Total	7,909	7,239	670

¹Source: New Privately Owned Housing Units Authorized In Permit Issuing Places, U.S. Department of Commerce, C-40 Construction Reports. U.S. Census Bureau.

Selig Center for Economic Growth.

²Net total equals new SF and MF dwellings units.

Table 16, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed conventional apartment properties in the Brunswick competitive environment.

Table 16 SURVEY OF BRUNSWICK CONVENTIONAL APARTMENT COMPLEXES PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	82	70	12	--	0	\$494-\$568	\$580-\$612	--	645	800	--
Brairwood & Mimosa	75	--	75	--	1	--	\$495-\$525	--	--	850	--
Camelia	111	41	51	19	8	\$490	\$568	\$675	690	1032	1255
Cypress Mill	152	--	104	48	2	--	\$615	\$690	--	1036	1300
Evergreen	36	--	36	--	1	--	\$495	--	--	Na	--
Fountain Lake	108	8	62	38	2	\$705-\$715	\$700-\$725	\$810	981	981-1200	1333
Glynn Place	128	--	--	128	20	--	--	\$680	--	--	1094-1196
Legacy	168	48	96	24	3	\$675	\$800-\$825	\$905	800	1157-1223	1332
Merritt Landing	128	22	76	30	7	\$450	\$475	\$575-\$700	682	925	1066-1144
Oak Retreat	40	--	34	6	1	--	\$700	\$750	--	1246	1450
Palm Club	132	32	76	24	4	\$615-\$635	\$700-\$750	\$920	811-824	1109	1343
Reserve at Altama	108	20	72	16	1	\$599	\$699	\$799	960	1160	1470
Total*	1,168	171	682	333	50						

* - Excludes the subject property

Comparable Properties are highlighted in red.

Source: Koontz and Salinger. June, 2012.

Table 17, exhibits the key amenities of the subject and the surveyed conventional apartment properties. Overall, the subject is competitive with all of the existing program assisted apartment family properties in the market regarding the development amenity package, and less competitive regarding the unit amenity package.

Table 17 SURVEY OF BRUNSWICK CONVENTIONAL APARTMENT COMPLEXES UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x			x			x	x	x	x	x	x
Briarwood & Mimosa								x	x	x	x		
Camelia	x	x	x			x		x	x	x			
Cypress Mill	x	x	x		x	x	x	x	x	x	x		x
Evergreen								x	x	x	x		
Fountain Lk	x	x	x		x	x	x	x	x	x	x		x
Glynn Pl	x	x	x		x	x	x	x	x	x	x	x	x
Legacy	x	x	x		x	x	x	x	x	x	x	x	x
Meritt Lndg	x	x			x	x	x	x	x		x		
Oak Retreat	x	x	x			x	x	x	x	x	x		x
Palm Club	x	x	x	x	x	x	x	x	x	x	x	x	x
Reserve @ Altama	x	x	x		x	x		x	x	x	x	x	x

Source: Koontz and Salinger. June, 2012.

Key: A - On-Site Mgmt B - Central Laundry C - Pool
D - Tennis Court E - Playground/Rec Area F - Dishwasher
G - Disposal H - W/D Hook-ups I - A/C
J - Cable Ready K - Mini-Blinds L - Community Rm/Exercise Rm
M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

Table 18, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed program assisted and LIHTC apartment properties in the Brunswick competitive environment.

Table 18 SURVEY OF LIHTC FAMILY APARTMENT COMPLEXES PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	82	70	12	--	0	\$494-\$568	\$580-\$612	--	645	800	--
Eagles Pointe	168	40	72	56	15	\$419-\$669	\$486-\$769	\$549-\$969	822	1086	1209-1460
Whispering Oaks	72	--	35	37	2	--	\$515-\$650	\$577-\$800	--	1130	1260-1550
Perry Park	65	--	41	24	0	--	BOI	BOI	--	978	1175
Total*	305	40	148	117	17						

* - Excludes the subject property

BOI - Based on Income

Note: 3BR & 4BR units are combines

Source: Koontz and Salinger. June, 2012.

Table 19, exhibits the key amenities of the subject and the surveyed program assisted apartment properties. Overall, the subject is competitive with all of the existing program assisted apartment family properties in the market regarding the development amenity package, and less competitive regarding the unit amenity package.

Table 19													
SURVEY OF PROGRAM ASSISTED APARTMENT COMPLEXES UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x			x			x	x	x	x	x	x
Eagles Pt	x	x	x		x	x	x	x	x	x	x	x	x
Whispering Oaks	x	x	x		x	x	x	x	x	x	x	x	x
Perry Park	x	x			x	x	x	x	x	x	x	x	x

Source: Koontz and Salinger. June, 2012.

Key: A - On-Site Mgmt B - Central Laundry C - Pool
D - Tennis Court E - Playground/Rec Area F - Dishwasher
G - Disposal H - W/D Hook-ups I - A/C
J - Cable Ready K - Mini-Blinds L - Community Rm/Exercise Rm
M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

The data on the individual complexes, reported on the following pages, were reported by the owners or managers of the specific projects. In some cases, the managers / owners were unable to report on a specific project item, or declined to provide detailed information.

A map showing the location of the surveyed program assisted properties is provided on page 26. A map showing the location of the surveyed Market Rate properties is provided on page 92. A map showing the location of the surveyed LIHTC-family properties is provided on page 93.

Survey of the Competitive Environment-Program Assisted

1. Eagles Pointe Apartments, 112 Eagles Dr (912) 265-8030

Contact: Luanna, Lsg Cons. (5/11/11)
Date Built: 2002 GADCA (4/25/12)

Type: LIHTC/MR fm
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>			<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		<u>50%</u>	<u>60%</u>	<u>MR</u>			
1BR/1b	40	\$419	\$524	\$669	Na	822	*
2BR/2b	72	\$486	\$612	\$769	Na	1086	*
3BR/2b	32	\$549	\$695	\$869	Na	1209	*
4BR/3b	24	\$598	\$760	\$969	Na	1460	*
Total	168	-	69	65	34		15

Typical Occupancy Rate: low to mid 90's
Security Deposit: \$200
Utilities Included: None

Waiting List: No
Concessions: No
Turnover: "moderate"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 3 story walk-up

Remarks: 8 months to reach 95% occupancy; in May 2012, 40 tenants had a Section 8 voucher; management refused to update rents; vacancy data from GA-DCA; mgmt: Concord Mgmt was very unhelpful



2. Whispering Oaks Apartments, 108 Whispering Oaks Dr (912) 261-1392

Contact: Ms Solange, Mgr. (5/7/12)
Date Built: 2004
Contact Type: Telephone interview

Type: LIHTC/MR fm
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>			<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		<u>50%</u>	<u>60%</u>	<u>MR</u>			
2BR/2b	35	\$515	\$649	\$650	\$156	1130	1
3BR/2b	29	\$577	\$700	\$725	\$198	1260	1
4BR/2b	8	\$627	\$784	\$800	\$238	1550	0
Total	72 - 35	23	14				2

Typical Occupancy Rate: 97%-98%
Security Deposit: up to 1 month rent
Utilities Included: Trash removal

Waiting List: No
Concessions: No
Turnover: "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	Yes

Design: 2 story walk-up

Remarks: 36 tenants have a Section 8 voucher; 100% occupied within four months; most tenants came from the City of Brunswick; water is individually metered; 2BR units are the most popular



3. Tara Arms Apartments, 2525 Tara Lane

(912) 261-2400

Contact: Ms Joy Shure, Mgr (5/14/12)

Type: LIHTC fm (50% & 60% AMI)

Date Built: 1996

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>50% Rent</u>	<u>60% Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	70	\$565	\$595	645	0
2BR/1b	12	\$651	\$669	800	0
Total	82				0

Typical Occupancy Rate: 98%

Waiting List: Yes (12)

Security Deposit: \$300

Concessions: No

Utilities Included: water, sewer, trash,
electric

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: 3 story mid-rise w/elevator

Remarks: 24 tenants have a Section 8 voucher; none of the 12-applicants on the waiting list require a Section 8 voucher



4. Perry Park Townhomes, Cleburn Street

(912) 265-3883

Contact: Ms Claudette Ross, Mgr (5/7/12)
Date Built: 1972 rehabed 2008
Contact Type: Telephone interview

Type: LIHTC fm (50% & 60% AMI)
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>50% Rent</u>	<u>60% Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1.5b	41	\$680	\$816	978	0
3BR/1.5b	24	\$785	\$942	1175	0
Total	65				0

Typical Occupancy Rate: 100%
Security Deposit: TTP
Utilities Included: water, sewer, trash

Waiting List: Yes (100)
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: townhouse

Remarks: 100% PBRA



5. Brunswick Housing Authority, 1126 Albany St (912) 265-1334

The Brunswick Housing Authority manages 636-units (of which 58 are elderly units) located in 8 scattered sites in the City. All of the complexes were built between 1940 and 1969. The Authority began renovation of all units around 2000, including the installation of central air. At the time of the survey, the renovation process was completed. At present, the waiting list has 280 applicants. Source: Ms Tess Cobb, Director of Asset Management



Survey of the Competitive Environment-Market Rate

1. Briarwood & Mimosa Apartments, N Briarwood Dr (912) 265-0740

Contact: Edith, Manager, (5/8/12)

Date Built: 1969

Contact Type: Telephone interview

Type: Conventional

Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1b	75	\$495-\$525	850	1
Total	75			1

Typical Occupancy Rate: 95%

Security Deposit: \$300

Utilities Included: water for 44-units

Waiting List: Yes (1)

Concessions: No

Turnover: "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	No	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: townhouse

Remarks: 44-units are off Briarwood and 31-units are off S Mimosa Rd



2. Camelia Apartments, 5800 Altama Ave

(912) 267-9994

Contact: Ms Ginny, (5/7/12)

Date Built: 1978

Contact Type: Telephone interview

Type: Conventional

Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	41	\$490	690	8
2BR/1.5b	51	\$565	1032	0
3BR/2.5b	19	\$675	1255	0
Total	111			8

Typical Occupancy Rate: 95+%

Security Deposit: \$450-\$550

Utilities Included: None

Waiting List: No

Concessions: Yes

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	No
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes (3BR)	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: two story walk-up

Remarks: presently offering a move-in special of \$200 (prorated over 12-mo)



3. Cypress Mill Plantation, 3200 Cypress Mill Rd (912) 264-4500

Contact: Jenny, Lsg Agent, (5/7/12)
Date Built: 1986 rehabed in 1992
Contact Type: Telephone interview

Type: Conventional
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/2b	104	\$615	1036	2
3BR/2b	48	\$690	1300	0
Total	152			2

Typical Occupancy Rate: 95%-95%
Security Deposit: 1 month rent
Utilities Included: trash removal

Waiting List: Yes ("a few")
Concessions: No
Turnover: 24 per yr.

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: two story garden walk-up



4. Evergreen Apartments, 2708 Evergreen Rd (912) 222-4719

Contact: Ms Jennifer Pauls (5/7/12)
Date Built: 1970's (rehabed in 2012)
Contact Type: Telephone interview

Type: Conventional
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1.5	36	\$495	Na	1
Total	36			1

Typical Occupancy Rate: low 90's
Security Deposit: \$400
Utilities Included: None

Waiting List: No
Concessions: Yes
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Patio

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	No	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: townhouse

Remarks: currently offering a rent special of \$495 per month



5. Fountain Lake, 1000 Fountain Lake Dr

(912) 267-1420

Contact: Ms Amy, Mgr, (5/7/12)

Date Built: 1982

Contact Type: Telephone interview

Type: Conventional

Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	8	\$705-\$715	981	0
2BR/2b	32	\$700	981	0
2BR/2.5b	30	\$725	1200	2
3BR/2.5b	38	\$810	1333	0
Total	108			2

Typical Occupancy Rate: 94% to 95%

Security Deposit: \$49

Utilities Included: None

Waiting List: No

Concessions: No

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Patio

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	Yes	Picnic Area	No

Design: townhouse & two-story walk-up; offering a special on deposits



6. Glynn Place Apartments, 820 Scranton Rd (912) 267-6868

Contact: Jackie, Assistant Mgr, (5/4/12) **Type:** Conventional
Date Built: 1995 **Condition:** Good
Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
3BR/2b Flat	10	\$680	1094	0
3BR/2.5b TH	118	\$680	1196	20
Total	128			20

Typical Occupancy Rate: 80%-85% **Waiting List:** No
Security Deposit: \$0 to 1 month **Concessions:** Yes
Utilities Included: trash **Turnover:** Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 2 story walk-up & townhouse

Remarks: 20 tenants have a Section 8 voucher; tenants came from Brunswick and a multi-county area; the complex was absorbed over a 14 to 15 month period; currently offering a special rent of \$610; this property was a LIHTC family complex and converted to market rate in May 2012



7. Legacy Apartments, 101 Legacy Way

(912) 262-0481

Contact: Shannon, Mgr, (5/8/12)

Date Built: 2008

Contact Type: Telephone interview

Type: Conventional

Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	48	\$675	800	0
2BR/2b	64	\$800	1157	3
2BR/2b	32	\$825	1223	0
3BR/2b	24	\$905	1332	0
Total	168			3

Typical Occupancy Rate: 97%

Security Deposit: \$87.5 to 1 month

Utilities Included: None

Waiting List: No

Concessions: No

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	No

Design: two-story walk-up

Remarks: took 21-months to reach 95% occupancy



8. Merritt Landing, 5700 Altama Ave

(912) 264-9411

Contact: James, Lsg Cons, (5/7/12)
Date Built: 1974 (rehabed in 1999)
Contact Type: Telephone interview

Type: Conventional
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	22	\$450	682	1
2BR/1b	76	\$475	925	4
3BR/1.5b	20	\$575	1066	2
4BR/2b	10	\$700	1144	0
Total	128			7

Typical Occupancy Rate: 95%
Security Deposit: \$0 to 1 month rent
Utilities Included: trash removal

Waiting List: No
Concessions: Yes
Turnover: "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	No
Dishwasher	Yes	Carpeting	No
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: townhouse

Remarks: concession is excellent credit = no security deposit



9. Oak Retreat Apartments, 135 Cardinal Dr (912) 267-7611

Contact: Ms Nicky, (5/7/12)

Type: Conventional

Date Built: early 90's

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/2.5b TH	34	\$700	1246	0
3BR/2.5b	6	\$750	1450	1
Total	40			1

Typical Occupancy Rate: 95%

Waiting List: No

Security Deposit: \$500

Concessions: No

Utilities Included: trash removal

Turnover: 1 per mo.

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: one & two story



10. Palm Club Apartments, 111 S Palm Dr

(912) 466-9090

Contact: Ms Sherry, (5/7/12)

Date Built: 1999

Contact Type: Telephone interview

Type: Conventional

Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	32	\$615-\$635	811-824	0
2BR/2b	36	\$700-\$720	1109	2
2BR/2b	40	\$725-\$750	1109	1
3BR/2b	24	\$920	1343	1
Total	132			4

Typical Occupancy Rate: 96%

Security Deposit: \$50-\$100

Utilities Included: trash removal

Waiting List: No

Concessions: Yes

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	Yes

Design: three-story walk-up

Remarks: good credit = \$50 security deposit; 8 1BR are deluxe; complex has a jacuzzi/spa, gated entrance, car wash area, vaulted ceilings, microwave, tennis court; was 93% occupied within 1 year



11. Reserve Oak @ Altama, 5801 Altama Ave

(912) 264-1000

Contact: Veronica McCoy, (5/7/12)

Type: Conventional

Date Built: 1969

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	20	\$599	960	0
2BR/1.5	72	\$699	1160	1
3BR/2b	16	\$799	1470	0
Total	108			1

Typical Occupancy Rate: 99%

Waiting List: No

Security Deposit: \$300

Concessions: No

Utilities Included: water, sewer, trash

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Some	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: two-story walk-up

Remarks: use to be known as Whispering Pines



Surveyed Market Rate Properties



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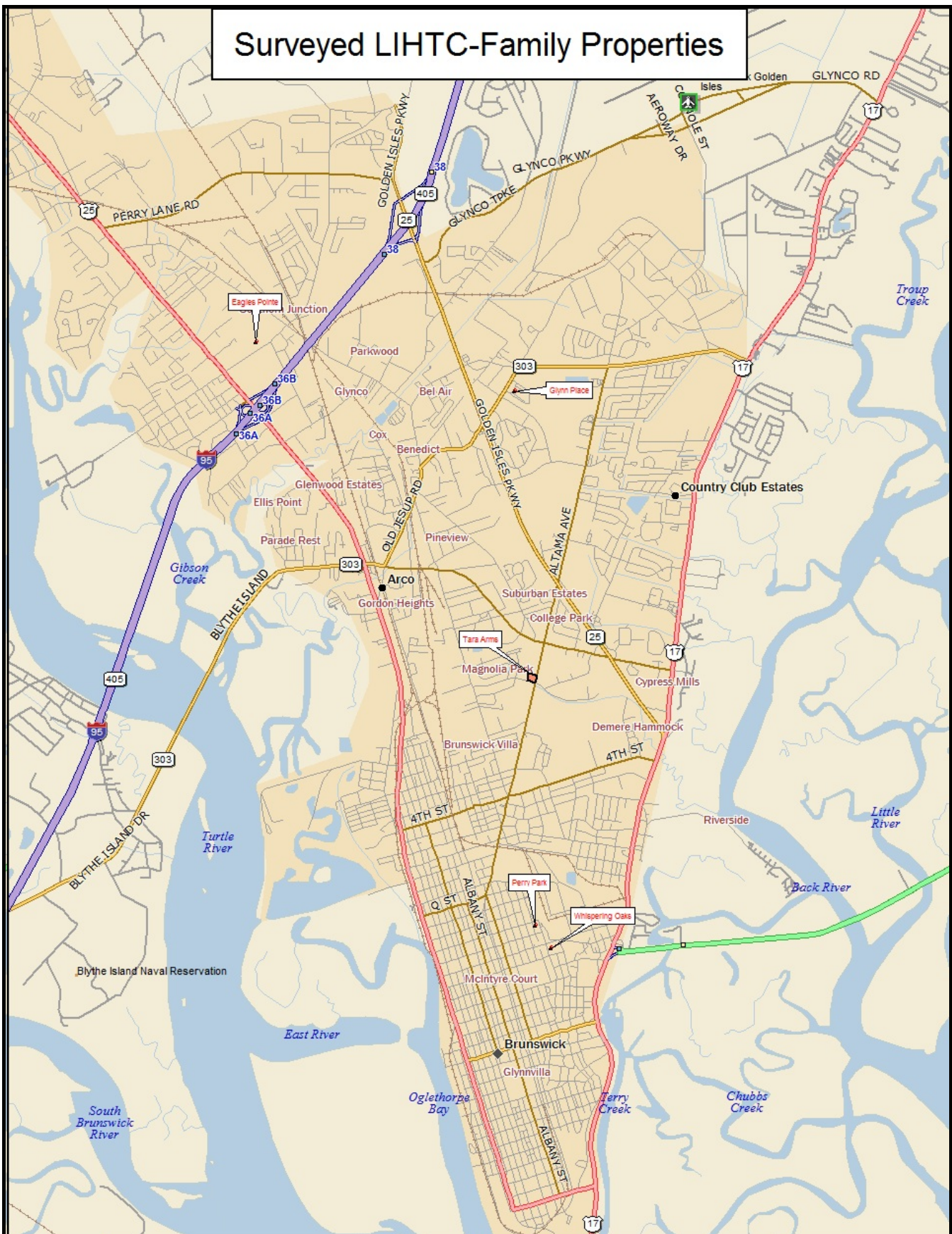
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Data Zoom 12-5

Surveyed LIHTC-Family Properties



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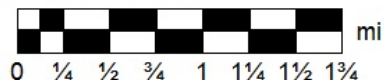
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Data Zoom 11-6

SECTION I

ABSORPTION & STABILIZATION RATES

The Given the strength (or lack of strength) of the demand estimated in Table 14, the worst case scenario for 93% to 100% rent-up is estimated to be 10 months (at 8-units per month on average). The most likely/best case rent-up scenario suggests a 8-month rent-up time period (an average of 10-units per month).

The rent-up period estimate is based upon the rent-up process of three LIHTC family developments, and one market rate property located in Brunswick:

LIHTC-fm

Glynn Place	128-units	15-months to attain 95% occupancy
Eagle Pointe	168-units	8-months to attain 95% occupancy
Whispering Oaks	72-units	4-months to attain 95% occupancy

Market Rate

Legacy Apartments	168-units	21-months to attain 95% occupancy
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Note: The absorption of the project is contingent upon an attractive product, professional management, and a strong marketing and pre-leasing program. Also, the absorption estimate assumes a worst case scenario of the subject being 100% vacant at the completion of the rehab process.

Stabilized occupancy, subsequent to initial lease-up is expected to be 93% or higher up to but no later than a three month period, beyond the absorption period.

SECTION J

INTERVIEWS

The following are observations and comments relating to the subject property. They were obtained via a survey of local contacts interviewed during the course of the market study research process.

In most instances the project parameters of the proposed development were presented to the "key contact", in particular: the proposed site location, project size, bedroom mix, income targeting and net rents. The following observations/comments were made in 5/11, most were updated:

(1) - The Manager of the Glynn Place LIHTC-family development, *stated that: (a) it would be good for the community if Tara Arms was rehabed and "remained in the community" as an affordable apartment property. In her opinion, the rehab of Tara Arms would not negatively impact her property. In addition, her property is no longer accepting Section 8 voucher holders, so if they can be placed in Tara Arms that would be good versus less desirable rental stock in the area. Source: Manager, (706) 912-6868.*

(2) - The Leasing Consultant of the Eagles Pointe LIHTC-family development, *stated that if the proposed subject development (Tara Arms) were rehabed, neither short nor long term negative impact is expected to be placed upon Eagles Pointe. At the time of the survey, Eagles Pointe was 96% occupied. Eagles Pointe was reported to have been 95% occupied within 8-months of being placed in service. Source: Ms Luanna, Leasing Consultant, (912) 265-8030. Interview date: 5/11*

(3) - The Manager of the Whispering Oaks LIHTC-family development, *stated that if the proposed subject development (Tara Arms) were rehabed, neither short nor long term negative impact is expected to be placed upon Whispering Oaks. At the time of the survey, Whispering Oaks was 96% occupied. Whispering Oaks was reported to have been 95% occupied within 4-months of being placed in service. Source: Ms Solange, Manager, (912) 261-1392.*

(4) - The Regional Manager of the Perry Park LIHTC-family development, *stated that if the proposed subject development (Tara Arms) were rehabed, neither short nor long term negative impact is expected to be placed upon Perry Park. At the time of the survey, Perry Park was 100% occupied, and has 100% PBRA, with approximately 100 applicants on the waiting list. Source: Ms Claudia, Ambling Mgmt, (678) 320-3780.*

(5) - The Leasing Agent of the Cypress Mill Plantation Apartments (market rate), *stated that there is not enough low income family rentals in Brunswick, and keeping Tara Arms as a property that would serve the low income population "is important". Source: Ms Sherry, Leasing Agent, (912) 264-4500.*

(6) - The City of Brunswick, Planner, Mr. Arne Glaeser, was interviewed, (912) 267-5502. *Mr. Glaeser stated that the city was in strong support for the proposed rehab process of Tara Arms and had written a letter of support stating as much. Mr. Glaeser, was familiar with the rehab of the Perry Park Townhomes in 2008 as a LIHTC-family development and stated if Tara Arms was similar that would be beneficial to the city.*

SECTION K

CONCLUSIONS & RECOMMENDATION

As proposed in Section B of this study, it is of the opinion of the analyst, based on the findings in the market study that the Tara Arms Apartments (a proposed LIHTC rehab property) targeting the general population should proceed forward with the development process.

Detailed Support of Recommendation

1. Product Mix - The income qualified target group is large enough to absorb the proposed product development of **82** units.
2. Assessment of rents - The proposed net rents will be very competitive within the PMA at 50% AMI, and moderately competitive at 60% AMI.
3. The current LIHTC and market rate apartment market is not representative of an over saturated market, for well maintained, well amenitized and professionally managed properties. At the time of the survey, the overall estimated vacancy rate of the surveyed LIHTC apartment properties was approximately 5.5%. The current market rate apartment market (located within the PMA) is not representative of a soft market. At the time of the survey, the overall estimated vacancy rate of the surveyed market rate apartment properties located within the PMA was approximately 4%.
4. The subject is competitive with all of the existing program assisted apartment family properties in the market regarding the development amenity package, and less competitive regarding the unit amenity package.
5. Stabilized occupancy, after the rehab process, and subsequent to residual lease-up, is forecasted to be 93% or higher, within 3 to 6 months.
6. The site location is considered to be very marketable.
7. The proposed rehab development will not negatively impact the existing supply of program assisted LIHTC family properties within the subject PMA. The subject is a rehab development of a 82-unit property which at the time of the survey, was 100% occupied, and maintained a waiting list with 12 income qualified applicants. The development will not bring any new units into the market that will compete with the existing stock of LIHTC family properties in Brunswick.
8. No modifications to the proposed project development parameters as currently configured are recommended.

The table below exhibits the findings of the Rent Reconciliation Process between the proposed subject net rent, by bedroom type, and by income targeting with the current comparable Market Rate competitive environment. A detailed examination of the Rent Reconciliation Process, which includes the process for defining Market Rent Advantage, is provided within the preceding pages.

Market Rent Advantage

The rent reconciliation process exhibits a significant subject property rent advantage by bedroom type at 50%, and a moderate rent advantage at 60% of AMI.

Percent Advantage:

	<u>50% AMI</u>	<u>60% AMI</u>
1BR/1b:	20%	8%
2BR/1b:	12%	7%

Rent Reconciliation				
50% AMI	1BR	2BR	3BR	4BR
Proposed subject net rents	\$494	\$580		---
Estimated Market net rents	\$615	\$660		---
Rent Advantage (\$)	+\$121	+\$80		---
Rent Advantage (%)	20%	12%		---
60% AMI	1BR	2BR		4BR
Proposed subject net rents	\$568	\$612		---
Estimated Market net rents	\$615	\$660		---
Rent Advantage (\$)	+\$47	+\$48		---
Rent Advantage (%)	8%	7%		---

Source: Koontz & Salinger. June, 2012

Recommendation

As proposed in Section B of this study (Project Description), it is of the opinion of the analyst, based upon the findings in the market study, that the Tara Arms Apartments (a proposed LIHTC acquisition/rehab development) proceed forward with the development process.

Achievable Restricted (LIHTC) Rent

The proposed gross rents, by bedroom type at 50%, and 60% AMI are considered to be very competitively positioned within the market. In addition, they are appropriately positioned in order to attract income qualified Section 8 Housing Choice Voucher holders within Brunswick and Glynn County, for the proposed subject 1BR and 2BR units.

It is recommended that the proposed subject LIHTC net rents at 50%, and 60% AMI remain unchanged, neither increased nor decreased. The proposed LIHTC family development, and proposed subject net rents are in line with the other LIHTC and program assisted developments operating in the market without PBRA, deep subsidy USDA rental assistance (RA), or attached Section 8 vouchers, when taking into consideration differences in income restrictions, unit size and amenity package.

Both the Koontz & Salinger and HUD based rent reconciliation processes suggest that the proposed subject net rents at 50% AMI could be positioned at a higher level and still attain a rent advantage position greater than 10%. However, it is recommended that the proposed net rents remain unchanged. In addition, the subject's gross rents are already closely positioned to be under Fair Market Rents for Glynn County, while at the same time operating within a competitive environment.

The proposed project design, amenity package, location and net rents are well positioned to be attractive to the local Section 8 voucher market. Increasing the gross rents to a level beyond the FMR's, even if rent advantage can be achieved, and maintained, is not recommended.

Mitigating Risks

The subject development is very well positioned to be successful in the market place. The major unknown mitigating risk to the development process will be the status of the local economy between 2012 and 2013, and beyond.

Rent Reconciliation Process

Five market rate properties within the Brunswick PMA competitive environment were used as comparables to the subject. The methodology attempts to quantify a number of subject variables regarding the features and characteristics of a target property in comparison to the same variables of comparable properties.

The comparables were selected based upon the availability of data, general location within the market area, target market, unit and building types, rehabilitation and condition status, and age and general attractiveness of the developments. The rent adjustments used in this analysis are based upon a variety of sources, including data and opinions provided by local apartment managers, LIHTC developers, other real estate professionals, and utility allowances used within the subject market. It is emphasized, however, that ultimately the values employed in the adjustments reflect the subjective opinions of the market analyst.

One or more of the comparable properties may more closely reflect the expected conditions at the subject, and may be given greater weight in the adjustment calculation, while others may be significantly different from the proposed subject development.

Several procedures and non adjustment assumptions were utilized within the rent reconciliation process. Among them were:

- consideration was made to ensure that no duplication of characteristics/adjustments inadvertently took place,
- the comparable properties were chosen based on the following sequence of adjustment: location, age of property, physical condition and amenity package,
- an adjustment was made for the floor/level of the unit in the building; this adjustment is consider to be appropriate for apartment properties that offer an elevator, versus walk-up properties,
- no "time adjustment" was made; all of the comparable properties were surveyed in May, 2012,
- no "distance or neighborhood adjustment" was made; owing to the fact that comparisons are being made between a proposed elderly property versus existing market rate family properties, all located within Brunswick,
- no "management adjustment" was made; all of the comparable properties, as well as the subject are (or will be) professionally managed,
- no specific adjustment was made for project design; none of the properties stood out as being particularly unique regarding design or project layout, however, the floor level does incorporate some project design factors,

- an adjustment was made for the age of the property; some of the comparables were built in the 1960's and 1970's; this adjustment was made on a conservative basis in order to take into consideration the adjustment for condition of the property,
- no adjustment was made - Number of Rooms - this adjustment was taken into consideration in the adjustment for - Square Feet Area (i.e., unit size),
- no adjustment is made for differences in the type of air conditioning used in comparing the subject to the comparable properties; all either had wall sleeve a/c or central a/c; an adjustment would have been made if any of the comps did not offer a/c or only offered window a/c,
- no adjustments were made for range/oven or refrigerator; the subject and all of the comparable properties provide these appliances (in the rent),
- an adjustment was made for storage,
- adjustments were made for Services (i.e., utilities included in the net rent, and trash removal). Neither the subject nor the comparable properties include heat, hot water, and/or electric within the net rent. The subject includes water and sewer in the net rent and includes trash removal. One of the comparable properties include cold water, sewer, and trash removal within the net rent. Most do not.

ADJUSTMENT ANALYSIS

Several adjustments were made regarding comparable property parameters. The dollar value adjustment factors are based on survey findings and reasonable cost estimates. An explanation is provided for each adjustment made in the Estimate of Market Rent by Comparison.

Adjustments:

- Concessions: One of the five surveyed market rate properties offers a concession, and it was taken into consideration.
- Structure/Floors: A \$10 net adjustment is made for 2 & 3 story structures versus the subject, owing to the fact that the subject provides an elevator.
- Year Built: Some of the comparable properties were built in the 1960's and 1970's, and will differ considerably from the subject (after new construction) regarding age. The age adjustment factor utilized is: a \$.50 adjustment per year differential between the subject and the comparable property. Note: Many market analyst's use an adjustment factor of \$.75 to \$1.00 per year. However, in order to remain conservative and allow for overlap when accounting for the adjustments to condition and location, the year built adjustment was kept

constant at \$.50.

- Square Feet (SF) Area: An adjustment was made for unit size; the SF adjustment is based on a Matched Pair Data Set Analysis of comps, by bedroom type. On average, the rent per sf difference for the 1BR comps was .01, .03, and .06 cents. The difference in the Matched Pair Data Set Analysis for the 2BR units was .03, .05 and .10. In order to allow for slight differences in amenity package the overall SF adjustment factor used is .03 per sf for a 1BR unit, and .05 per sf for a 2BR unit.
- Number of Baths: An adjustment was made for the proposed 2/1 units owing to the fact that some of the comparable properties offered 2/1.5 and 2/2 units. The adjustment is \$15 for a ½ bath and \$30 for a full bath. The adjustment is based on a review of the comps.
- Balcony/Terrace/Patio: The subject will not offer a balcony or patio. The balcony/patio adjustment is based on an examination of the market rate comps. The balcony/patio adjustment resulted in a \$5 value for the balcony/patio.
- Disposal: An adjustment is made for a disposal based on a cost estimate. It is estimated that the unit and installation cost of a garbage disposal is \$175; it is estimated that the unit will have a life expectancy of 4 years; thus the monthly dollar value is \$4.
- Dishwasher: An adjustment is made for a dishwasher based on a cost estimate. It is estimated that the unit and installation cost of a dishwasher is \$600; it is estimated that the unit will have a life expectancy of 10 years; thus the monthly dollar value is \$5.
- Washer/Dryer (w/d): The subject will offer a central laundry (CL), but not w/d/ hook-ups. If the comparable property provides a central laundry or w/d hook-ups no adjustment is made. If the comparable property does not offer hook-up or a central laundry the adjustment factor is \$40. The assumption is that a minimum a household will need to set aside \$10 a week to do laundry. If the comparable included a washer and dryer in the rent the adjustment factor is also \$40.
- Carpet/Drapes/Blinds: The adjustment for carpet, pad and installation is based on a cost estimate. It is assumed that the life of the carpet and pad is 3 to 5 years and the cost is \$10 to \$15 per square yard. The adjustment for drapes / mini-blinds is based on a cost estimate. It is assumed that most of the properties have between 2 and 8 openings with the typical number of 4. The unit and installation cost of mini-blinds is \$25 per opening. It is estimated that the unit will have a life expectancy of 2 years. Thus, the monthly dollar value is \$4.15 , rounded to \$4. Note: The subject and the comparable properties offer carpet and blinds.

- Pool/Recreation Area: The subject offers recreation space, but not a pool or tennis court. The estimate for a pool and tennis court is based on an examination of the market rate comps. Factoring out for location, condition, non similar amenities suggested a dollar value of \$5 for a playground, \$15 for a tennis court and \$25 for a pool. Owing to the fact that the proposed development will be targeting the elderly, recreation such as a playground was not considered to be a critical component within the value adjustment process.
- Services d. Water: The subject includes cold water and sewer in the net rent. Several of the comparable properties exclude water and sewer in the net rent. Note: The source for the utility estimates by bedroom type is based upon the Georgia Department of Community Affairs Utility Allowances - Southern Region (effective 6/1/2011). See Appendix.
- Storage: The dollar value for storage is estimated to be \$5.
- Computer Room: The dollar value for a computer room (with internet service) is estimated to be \$2.
- Fitness Room: The dollar value for an equipped fitness room is estimated to be \$2.
- Clubhouse: The dollar value for a clubhouse and/or community room is estimated to be \$2.
- Location: Based on adjustments made for other amenities and variables in the data set analysis a comparable property with a marginally better location was assigned a value of \$10; a better location versus the subject was assigned a value of \$15; a superior location was assigned a value of \$25. Note: None of the comparable properties are inferior to the subject regarding location.
- Condition: Based on adjustments made for other amenities and variables in the data set analysis, the condition and curb appeal of a comparable property that is marginally better than the subject was assigned a value of \$5; a significantly better condition was assigned a value of \$10; and a superior condition / curb appeal was assigned a value of \$15. If the comparable property is inferior to the subject regarding condition / curb appeal the assigned value is - \$10. Note: Given the new construction (quality) of the subject, the overall condition of the subject is classified as being significantly better.
- Trash: The subject includes trash in the net rent. Most of the comparable properties include trash in the net rent. Several do not. If required the adjustment was based upon the Georgia Department of Community Affairs Utility Allowances - Southern Region (effective 6/1/2011) See Appendix.

Adjustment Factor Key:

SF - .03 per sf for 1BR unit; .05 per sf for a 2BR unit

Patio/balcony - \$5

Storage - \$5

Computer Rm, Fitness Rm, Clubhouse - \$2 (each)

Disposal - \$4

Dishwasher - \$5

Carpet - \$5

Mini-blinds - \$4

W/D hook-ups or Central Laundry - \$40

Pool - \$25 Tennis Court - \$15

Playground - \$5 (Na for elderly) Craft/Game Room - \$2

Full bath - \$30; ½ bath - \$15

Location - Superior - \$25; Better - \$15; Marginally Better - \$10

Condition - Superior - \$15; Better - \$10; Marginally Better - \$5;
Inferior - minus \$10*

Water & Sewer - 1BR - \$41; 2BR - \$49 (Source: GA-DCA Southern Region)

Trash Removal - \$16 (Source: GA-DCA Southern Region)

Age - \$.50 per year (differential) Note: If difference is less than 5 years, a choice is provided for no valuation adjustment.*

*Could be included with the year built (age) adjustment, thus in most cases will not be double counted/adjusted. Also, the value of condition is somewhat included within the Age adjustment. Thus, the value adjustment applied to Condition is conservative.

One Bedroom Units							
Subject		Comp # 1		Comp # 2		Comp # 3	
Tara Arms		Camelia		Fountain Lake		Legacy	
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Street Rent		\$490		\$710		\$675	
Utilities	w,s,t	None	\$57	None	\$57	None	\$57
Concessions		Yes	(\$17)	No		No	
Effective Rent		\$530		\$767		\$732	
B. Design, Location, Condition							
Structures/Stories	3 w/elev	2	\$10	1/2		2	\$10
Year Built/Rehab	2014	1978	\$18	1982	\$16	2008	
Condition	Excell	Good	\$5	V Good		V Good	
Location	Good	Good		Good		Good	
C. Unit Amenities							
# of BR's	1	1		1		1	
# of Bathrooms	1	1		1		1	
Size/SF	657	690	(\$1)	981	(\$10)	800	(\$4)
Balcony/Patio/Stor	N/N	Y/N	(\$5)	Y/Y	(\$10)	Y/Y	(\$10)
AC Type	Central	Central		Central		Central	
Range/Refrigerator	Y/Y	Y/Y		Y/Y		Y/Y	
Dishwasher/Disp.	N/N	Y/N	(\$5)	Y/Y	(\$9)	Y/Y	(\$9)
W/D Unit	N	N		N		N	
W/D Hookups or CL	Y	Y		Y		Y	
D. Development Amenities							
Clubhouse/Comm Rm	Y	N	\$2	N	\$2	Y	
Pool/Tennis	N/N	Y/N	(\$25)	Y/N	(\$25)	Y/N	(\$25)
Recreation Area	Y	N	\$2	Y		Y	
Computer/Fitness	Y/Y	N/N	\$4	N/N	\$4	N/Y	\$2
F. Adjustments							
Net Adjustment			+\$5		-\$32		-\$36
G. Adjusted & Achievable Rent		\$535		\$735		\$696	
Estimated Market Rent (Avg of 5 comps, rounded)		next page	Rent Advantage		see Table	% Adv	

One Bedroom Units							
Subject		Comp # 4		Comp # 5		Comp # 6	
Tara Arms		Merritt Landing		Reserve @ Altama			
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Street Rent		\$450		\$599			
Utilities	w,s,t	t	\$41	w,s,t			
Concessions		No		No			
Effective Rent		\$491		\$599			
B. Design, Location, Condition							
Structures/Stories	3 w/elev	2	\$10	2	\$10		
Year Built/Rehab	2014	1999	\$7	1969	\$22		
Condition	Excell	Good	\$5	Good	\$5		
Location	Good	Good		Good			
C. Unit Amenities							
# of BR's	1	1		1			
# of Bathrooms	1	1		1			
Size/SF	657	682	(\$1)	960	(\$9)		
Balcony-Patio/Stor	N/N	N/N		Y/N	(\$5)		
AC Type	Central	Central		Central			
Range/Refrigerator	Y/Y	Y/Y		Y/Y			
Dishwasher/Disp.	N/N	Y/Y	(\$9)	Y/N	(\$5)		
W/D Unit	N	N		N			
W/D Hookups or CL	Y	Y		Y			
D. Development Amenities							
Clubhouse/Comm Rm	Y	N	\$2	Y			
Pool/Tennis	N/N	N/N		Y/N	(\$25)		
Recreation Area	Y	Y		Y			
Computer/Fitness	Y/Y	N/N	\$4	N/N	\$4		
F. Adjustments							
Net Adjustment			+\$18		-\$3		
G. Adjusted & Achievable Rent		\$509		\$596			
Estimated Market Rent (Avg of 5 comps, rounded)		\$614	Rounded to: \$615		see Table	% Adv	

Two Bedroom Units							
Subject		Comp # 1		Comp # 2		Comp # 3	
Tara Arms		Camelia		Fountain Lake		Legacy	
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Street Rent		\$565		\$700		\$800	
Utilities	w,s,t	None	\$65	None	\$65	None	\$65
Concessions		Yes	(\$17)	No		No	
Effective Rent		\$613		\$765		\$865	
B. Design, Location, Condition							
Structures/Stories	3 w/elev	2	\$10	1/2		2	\$10
Year Built/Rehab	2014	1978	\$18	1982	\$16	2008	
Condition	Excell	Good	\$5	V Good		V Good	
Location	Good	Good		Good		Good	
C. Unit Amenities							
# of BR's	2	2		2		2	
# of Bathrooms	1	1.5	(\$15)	2	(\$30)	2	(\$30)
Size/SF	817	1032	(\$11)	981	(\$8)	1157	(\$17)
Balcony-Patio/Stor	N/N	Y/N	(\$5)	Y/Y	(\$10)	Y/Y	(\$10)
AC Type	Central	Central		Central		Central	
Range/Refrigerator	Y/Y	Y/Y		Y/Y		Y/Y	
Dishwasher/Disp.	N/N	Y/N	(\$5)	Y/Y	(\$9)	Y/Y	(\$9)
W/D Unit	N	N		N		N	
W/D Hookups or CL	Y	Y		Y		Y	
D. Development Amenities							
Clubhouse/Comm Rm	Y	N	\$2	N	\$2	Y	
Pool/Tennis	N/N	Y/N	(\$25)	Y/N	(\$25)	Y/N	(\$25)
Recreation Area	Y	N	\$2	Y		Y	
Computer/Fitness	Y/Y	N/N	\$4	N/N	\$4	N/Y	\$2
F. Adjustments							
Net Adjustment			-\$20		-\$60		-\$79
G. Adjusted & Achievable Rent		\$593		\$705		\$786	
Estimated Market Rent (Avg of 5 comps, rounded)		next page	Rent Advantage		see Table	% Adv	

Two Bedroom Units							
Subject		Comp # 4		Comp # 5		Comp # 6	
Tara Arms		Merritt Landing		Reserve @ Altama			
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Street Rent		\$475		\$699			
Utilities	w,s,t	t	\$49	w,s,t			
Concessions		No		No			
Effective Rent		\$524		\$699			
B. Design, Location, Condition							
Structures/Stories	3 w/elev	2	\$10	2	\$10		
Year Built/Rehab	2014	1999	\$7	1969	\$22		
Condition	Excell	Good	\$5	Good	\$5		
Location	Good	Good		Good			
C. Unit Amenities							
# of BR's	2	2		2			
# of Bathrooms	1	1		1.5	(\$15)		
Size/SF	817	925	(\$5)	1160	(\$17)		
Balcony-Patio/Stor	N/N	N/N		Y/N	(\$5)		
AC Type	Central	Central		Central			
Range/Refrigerator	Y/Y	Y/Y		Y/Y			
Dishwasher/Disp.	N/N	Y/Y	(\$9)	Y/N	(\$5)		
W/D Unit	N	N		N			
W/D Hookups or CL	Y	Y		Y			
D. Development Amenities							
Clubhouse/Comm Rm	Y	N	\$2	Y			
Pool/Tennis	N/N	N/N		Y/N	(\$25)		
Recreation Area	Y	Y		Y			
Computer/Fitness	Y/Y	N/N	\$4	N/N	\$4		
F. Adjustments							
Net Adjustment			+\$14		-\$26		
G. Adjusted & Achievable Rent		\$538		\$673			
Estimated Market Rent (Avg of 5 comps, rounded)		\$659	Rounded to: \$660		see Table	% Adv	

Three Bedroom Units (NA)							
Subject		Comp # 4		Comp # 5		Comp # 6	
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Street Rent							
Utilities							
Concessions							
Effective Rent							
B. Design, Location, Condition							
Structures/Stories							
Year Built/Rehab							
Condition							
Location							
C. Unit Amenities							
# of BR's							
# of Bathrooms							
Size/SF							
Balcony-Patio/Stor							
AC Type							
Range/Refrigerator							
Dishwasher/Disp.							
W/D Unit							
W/D Hookups or CL							
D. Development Amenities							
Clubhouse/Comm Rm							
Pool/Tennis							
Recreation Area							
Computer/Fitness							
F. Adjustments							
Net Adjustment							
G. Adjusted & Achievable Rent							
Estimated Market Rent (Avg of 3 comps, rounded)			Rounded To:		see Table	% Adv	

SECTION L

IDENTITY OF INTEREST

I affirm that I have made a physical inspection of the market area and the subject property area and that information has been used in the full study of need and demand for the proposed units. To the best of my knowledge, the market can support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

The report was written in accordance with my understanding of the 2012 GA-DCA Market Study Manual and 2012 GA-DCA Qualified Action Plan.

DCA may rely upon the representation made in the market study provided. In addition, the market study is assignable to other lenders that are parties to the DCA loan transaction.

CERTIFICATION

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MARKET ANALYST QUALIFICATIONS

Koontz and Salinger conducts Real Estate Market Research and provides general consulting services for real estate development projects. Market studies are prepared for residential and commercial development. Due diligence work is performed for the financial service industry and governmental

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JERRY M. KOONTZ

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1983-1985, Market Research Staff Consultant, Stephens Associates, a consulting firm in real estate development and planning. Raleigh, NC.

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WORK PRODUCT: Over last 28+ years have conducted real estate market studies, in 31 states. Studies have been prepared for the LIHTC & Home programs, USDA-RD Section 515 & 528 programs, HUD Section 202 and 221 (d) (4) programs, conventional single-family and multi-family developments, personal care boarding homes, motels and shopping centers.

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National Council of Affordable Housing
Market Analysts (NCAHMA)

NCAHMA Market Study Index

Members of the National Council of Affordable Housing Market Analysts provide a checklist referencing all components of their market study. This checklist is intended to assist readers on the location and content of issues relevant to the evaluation and analysis of market studies. The page number of each component referenced is noted in the right column. In cases where the item is not relevant, the author has indicated "N/A" or not applicable. Where a conflict with or variation from client standards or client requirements exist, the author has indicated a "V" (variation) with a comment explaining the conflict.

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NA

- 21 - 5-year employment forecast is non reliable, given recent and current local, state, national and global economic conditions
- 39 - Current trend is towards renter-occupied tenure. The overall local housing market is still recovering from the 2008-2010 housing downturn. Within the local area foreclosures and re-sales are still being worked out via market forces.
- 40 - Today's home buying market requires that one meet a much higher standard of income qualification, credit standing, and a savings threshold. These are difficult hurdles for many LIHTC households to achieve in today's home buying environment.

APPENDIX A

DATA SET

ARCHITECTURAL PLANS

UTILITY ALLOWANCES

SCOPE OF WORK

RENT ROLL

NCHAMA CERTIFICATION